



Evaluation report of the 32nd Joint Evaluation Committee meeting for the direct award of action grants to provide Emergency Assistance under AMIF and ISF Borders and Visa 2014-2020

1. Annual Work Programmes for 2016 and 2017

The **2016 Annual Work Programme for Emergency Assistance under the Internal Security Fund – Borders and Visa** was adopted on 15 December 2015. A first substantial modification was adopted on 10 March 2016. A second substantial modification was adopted on 16 December 2016.

The **2017 Annual Work Programme for Emergency Assistance under the Internal Security Fund – Borders and Visa** was adopted on 8 May 2017 with a total budget of EUR 73,476,516 (C(2017)3046).

The **2016 Annual Work Programme for Emergency Assistance under the Asylum, Migration and Integration Fund** was adopted on 15 December 2015. A first substantial modification was adopted on 10 March 2016. A second, non-substantial, modification was signed on 28 April 2016. A third, substantial, modification was adopted on 16 December 2016. A fourth, non-substantial, modification was adopted on 20 December 2016.

The **2017 Annual Work Programme for Emergency Assistance under the Asylum, Migration and Integration Fund** was adopted on 8 May 2017, with a total budget of EUR 175 million (C(2017)3045).

Both funds provide emergency assistance in the form of action grants awarded directly without a call for proposals. The maximum possible rate of EU co-financing is up to 100% of the eligible costs. The emergency assistance can be provided for as long as the emergency situation prevails, in principle with a maximum duration of 12 months.

2. Applications received

In total, three applications were evaluated. [REDACTED]
[REDACTED]
[REDACTED].

Ref. Number	Applicant	Amount requested (€)	Date of application	Description
[REDACTED] [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] [REDACTED]



HOME/2017/ISFB/ AG/EMAS/0051	Comando generale del Corpo delle Capitanerie di Porto	1,844,816.72	26/05/2017	Assessment of the Libyan Coast Guard legal framework and their capability in terms of SAR services
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3. Budget situation

➤ AMIF

AMIF (2016 + 2017 budget)		
Budget available	from ABAC WF	225,912,490.82
Project awarded but grant agreement not yet encoded in ABAC	AMIF/0045 (IT)	-2,478,923.64
Project awarded but grant agreement not yet encoded in ABAC	AMIF/0048 (IT)	-15,334,065.18
Application awarded but not granted yet (situation 06/06/2017)	AMIF/0047 (IT)	-58,210,704.00
AVAILABLE		149,888,798.00

Pending applications/status:

Application to be revised or withdrawn following decisions on financial planning 2017 for Greece	AMIF/0052 (EL)	-78,059,699.00
Subject to current evaluation	AMIF/0053 (BG UNHCR)	-1,225,041.56
Subject to current evaluation	AMIF/0054 (BG)	-1,745,252.68

➤ ISF-BV

ISF-BV (2016 + 2017 budget)		
Budget available	from ABAC WF	123,012,396.53
Project awarded but budgetary commitment not yet encoded in ABAC	ISFB/0042 (IT)	-12,253,584.15
AVAILABLE		110,758,812.38

Pending applications/status:



Application to be revised or withdrawn following decisions on financial planning 2017 for Greece	ISFB/0049 (EL)	-22,208,427.00
Application to be revised or withdrawn following decisions on financial planning 2017 for Greece	ISFB/0050 (EL)	- 4,673,872.00
Subject to current evaluation	ISFB/0051 (IT)	-1,844,816.72

4. Evaluation of the applications

The applications were evaluated against the exclusion, admissibility and eligibility criteria as well as the award criteria mentioned in the 2016 and 2017 AWP. The verification of the financial and operational capacity was not performed as it does not apply to public bodies of the EU Member States and International Organisations in accordance with Article 131 (3) of the Financial Regulation. The applications successfully passed the exclusion, admissibility and eligibility criteria.

Regarding the award criteria, following the Evaluation Methodology as described in the nomination of the Evaluation Committee, the following internal evaluators were chosen:

- [REDACTED] - [REDACTED]
[REDACTED]
- [REDACTED] - [REDACTED]
[REDACTED]
- HOME/2017/ISFB/AG/EMAS/0051 - [REDACTED] (E1), [REDACTED] (E2), [REDACTED] (C2)

They were chosen to evaluate the aforementioned applications on the basis of the award criteria of relevance of the proposals with regards to the objectives of Emergency Assistance under the AMIF/ISF Borders and Visa basic act, and the impact of the proposed activities in the countries concerned. The evaluation was done in line with Art 204§4 of the Rules of application:

Upon completion of its work, the members of the evaluation committee shall sign a record of all the proposals examined, containing an assessment of their quality and identifying those which may receive funding. Those records may be signed in an electronic system providing sufficient authentication of the signatory.

The single proposals were discussed in the meeting as described below.

5. Evaluation Committee meeting

On June 1st 2017, the 32nd meeting of the Joint Evaluation Committee took place. The following (13) persons participated:



Proposals evaluated:

➤ General discussion

➤ Relevance award criteria

the Committee highlighted the clear relevance of the project proposal, as it intends to implement a high-level political decision, and that such activities have not been foreseen under the Italian National Programme.

- Moreover, the proposal is in line with the objectives of Emergency Assistance as set out in Article 4 (1) (g) of the ISF basic act, which covers studies to establish an integrated border management system.
- According to Article 4(b) of Regulation (EU) 2016/1624 on the European Border and Coast Guard (EBCG) Agency, European integrated border management now also includes search and rescue operations for persons in distress at sea, when taking place in situations which may arise during border surveillance operations at sea. Article 3 (5) of the ISF basic act underlines that equipment and systems supported under the Instrument may be used to address SAR situations which may arise during border surveillance operations at sea, thereby contributing to the ensuring the protection and saving the lives of migrants. In addition, Articles 4 (2) (d) (e) of the ISF basic act



➤ Impact award criteria:

Whereas the ultimate impact of the project is rather long-term and does not immediately relieve the emergency situation in Italy - as it is a first step in many actions, it is urgent from a funding point of view.

➤ Budget:

[illegible]



Finally, the Committee acknowledged the request of the beneficiary to receive EU funding covering 100% of the project activities. [REDACTED]

[REDACTED]

➤ Conclusions

The proposal is recommended for award, subject to the following clarifications to be given and modifications to be done by the beneficiary during the grant phase preparation:

1. [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
- [REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] [REDACTED] [REDACTED]
[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]
[REDACTED]

- [REDACTED]
[REDACTED]
[REDACTED]

[illegible]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]

- [REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]


[REDACTED]

HOME/2017/ISFB/AG/EMAS/0051 is recommended for award subject to final budget review as well as further clarifications of the aforementioned points before proceeding with the Grant Agreement. The maximum grant will be EUR 1,844,816.72 and co-financing rate of 100%.

Members of the Joint Evaluation Committee for Emergency Assistance under AMIF and ISF Borders and Visa	Signature
[REDACTED] (E1) President	e-signed
[REDACTED] (E2) Member and Alternate President	e-signed
[REDACTED] (E1) Member	e-signed
[REDACTED] (E2) Member	e-signed
[REDACTED] (C2) Alternate Member	e-signed
[REDACTED] (C1) Alternate Member	absent



EUROPEAN COMMISSION
DIRECTORATE-GENERAL MIGRATION AND HOME AFFAIRS
The Director General

Brussels,
HOME/EI/  Ares(2017)

AWARD DECISION

Grant award procedure: Proposal under the Internal Security Fund – Borders and Visa Emergency Assistance

Applications ref.: HOME/2017/ISFB/AG/EMAS/0051

HAVING REGARD to Articles 128 (1) and 133 (2) of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union (hereafter referred to as “the Financial Regulation”), and in particular,

HAVING REGARD to Articles 190 (1) and 204 (5) of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of the Financial Regulation (hereafter referred to as “the Rules of Application”),

HAVING REGARD to Regulation (EU) No 514/2014 laying down general provisions on the Asylum, Migration and Integration Fund and on the instrument for financial support for police cooperation, preventing and combating crime, and crisis management,

HAVING REGARD to Regulation (EU) No 515/2014 establishing the Instrument for financial support for external borders and visa,

HAVING REGARD to Commission Implementing Decision C/2015/9531 of 15 December 2015 adopting the Work Programme and the financing for Emergency assistance in the framework of the Internal Security Fund – the instrument for financial support for external borders and visa for the year 2016 for the budget line 18 02 01 01 – Support of borders management and a common visa policy to facilitate legitimate travel, as amended by Commission Implementing Decision C/2016/1567 of 10 March 2016 and Commission Implementing Decision C/2016/8733 of 16 December 2016,

HAVING REGARD to Commission Implementing Decision C/2017/3046 of 8 May 2017 adopting the Work Programme and the financing for Emergency assistance in the framework of the Internal Security Fund – the instrument for financial support for external borders and visa for the year 2017 for the budget line 18 02 01 01 – Support of borders management and a common visa policy to facilitate legitimate travel,

Whereas:

1. Grants for emergency assistance may be awarded under Article 14 of Regulation (EU) No 515/2014 to support Member States in situations resulting from an urgent and exceptional pressure where a large or disproportionate number of third-country nationals are crossing or are expecting to cross the external border of one or more Member States or any other duly substantiated emergency situation requiring urgent actions at the external borders;
2. Grants for emergency assistance may be awarded without a call for proposals as specified in Commission Implementing Decision C/2015/9531, as amended by Commission Implementing Decision C/2016/1567 and Commission Implementing Decision C/2016/8733;
3. An evaluation committee was appointed pursuant to Article 204 (1) of the Rules of Application in order to evaluate the project proposal submitted and issue a recommendation to the Authorising Officer;
4. An evaluation was carried out pursuant to Articles 133 (1) and (2) of the Financial Regulation and 204 (1) of the Rules of Application;

I HEREBY DECIDE:

1. To award a maximum amount of EUR 1 844 816.72 for a grant to the applicant listed in Annex 1.

Authorising officer

Matthias RUETE

*(E-signed by delegation by Simon
MORDUE)*

Enclosure: Annex 1: Successful applicant

Annex 1: Successful applicant

Proposal No	Name of the applicant	Name of the co-applicants	Title of the proposal	Amount requested	Amount awarded
HOME/2017/ISFB/AG/EMAS/0051	Comando Generale del Corpo delle Capitanerie di Porto (IT)	n/a	Assessment of the Libyan Coast Guard legal framework and their capability in terms of SAR services	EUR 1,844,816.72	EUR 1,844,816.72
Total					EUR 1,844,816.72

Commission européenne, B-1049 Bruxelles / European Commission, B-1049 Brussel - Belgium. Telephone: (32-2) 2991111.



EUROPEAN COMMISSION
DIRECTORATE-GENERAL MIGRATION and HOME AFFAIRS
Directorate E: Migration and Security Funds
The Acting Director

GRANT AGREEMENT FOR AN ACTION WITH ONE BENEFICIARY

AGREEMENT NUMBER – HOME/2017/ISFB/AG/EMAS/0051

ABAC NUMBER:

The **European Union** (hereinafter referred to as "the Union"), represented by the European Commission (hereinafter referred to as "the Commission"), represented for the purposes of signature of this Agreement by **Mr Simon Mordue**, Acting Director, Directorate E – Migration and Security Funds of the Directorate-General Migration and Home Affairs,

on the one part,

and

Comando Generale del Corpo delle Capitanerie di Porto – Guardia Costiera - Italia
Viale dell'Arte 16
Roma - Italia

hereinafter referred to as "the beneficiary", represented for the purposes of signature of this Agreement by ,

on the other part,

HAVE AGREED

to the Special Conditions (hereinafter referred to as "the Special Conditions") and the following Annexes:

- | | |
|------------------|---|
| Annex I | Description of the action |
| Annex II | General Conditions (hereinafter referred to as "the General Conditions") |
| Annex III | Estimated budget of the action and model financial statement (which also includes a summary financial statement) |

Annex IV	Model technical report (Final technical implementation report)
Annex V	Model financial statement: included in Annex III
Annex VI	Model terms of reference for the certificate on the financial statements, when required by the Grant Agreement
Annex VII	Model terms of reference for the operational verification report: <i>not applicable</i>
Annex VIII	Model terms of reference for the certificate on the compliance of the cost accounting practices: <i>not applicable</i>
Annex IX	Specific conditions related to visibility

which form an integral part of this Agreement, hereinafter referred to as "the Agreement".

The terms set out in the Special Conditions shall take precedence over those set out in the Annexes.

The terms of Annex II "General Conditions" shall take precedence over the other Annexes.

SPECIAL CONDITIONS

ARTICLE I.1 – SUBJECT MATTER OF THE AGREEMENT

The Commission has decided to award a grant, under the terms and conditions set out in the Special Conditions, the General Conditions and the other Annexes to the Agreement, for the action entitled *"Assessment of the Libyan Coast Guard legal framework and capability in terms of SAR Services"* ("the action") as described in Annex I.

With the signature of the Agreement, the beneficiary accepts the grant and agrees to implement the action, acting on its own responsibility.

ARTICLE I.2 – ENTRY INTO FORCE OF THE AGREEMENT AND DURATION OF THE ACTION

I.2.1 The Agreement shall enter into force on the date on which the last party signs.

I.2.2 The action shall run for **12 months** as of 1 May 2017 ("the starting date") until 30 April 2018.

ARTICLE I.3 - MAXIMUM AMOUNT AND FORM OF THE GRANT

The grant shall be of a **maximum amount of EUR 1 844 816.72** and shall take the form of:

(a) The reimbursement of **100%** of the eligible costs of the action ("reimbursement of eligible costs"), which are estimated at **EUR 1 844 816.72** and which are:

(i) **Actually incurred ("reimbursement of actual costs") for the direct costs for the beneficiary**

(ii) Reimbursement of unit costs: not applicable

(iii) Reimbursement of lump sum costs: not applicable

(iv) **Declared on the basis of a flat-rate of 6.99% of the eligible direct costs ("reimbursement of flat-rate costs") for the indirect costs for the beneficiary**

(v) Reimbursement of costs declared on the basis of the beneficiary's usual cost accounting practices: not applicable

(b) Unit contribution: not applicable

(c) Lump sum contribution: not applicable

(d) Flat-rate contribution: not applicable

ARTICLE I.4 – ADDITIONAL PROVISIONS ON REPORTING, PAYMENTS AND PAYMENT ARRANGEMENTS

I.4.1 Reporting periods, payments and additional supporting documents

In addition to the provisions set out in Articles II.23 and II.24, the following reporting and payment arrangements shall apply:

Pre-financing payment

Within 30 days from the receipt of a request for the pre-financing from the coordinator, which can be submitted as of the date of signature of the Grant Agreement, a pre-financing payment of **EUR 1 475 853.38** representing **80%** of the maximum amount specified in Article I.3 shall be paid to the beneficiary.

Payment of the balance

The balance shall be paid to the beneficiary in accordance with Articles II.23.2 and II.24.4 following the receipt of a request for payment sent within **90 days** following the end of the period specified in Article I.2.2 (by way of derogation from Article II.23.2).

The request shall be accompanied by:

- a final report on implementation of the action ("final technical report") covering the whole action period as indicated in Article I.2.2 in accordance to Annex IV
- a final financial statement in accordance to Annex III,
- a certificate on the financial statements and underlying accounts in accordance to Annex VI for the beneficiary incurring direct eligible costs above EUR 100.000.

The final reporting packages must be submitted in one paper copy and one electronic version. The reporting package shall be considered as submitted only upon receipt of both electronic and paper copies.

I.4.2 Time limit for payments

The Commission shall have **90 days** to pay the amount due as the balance in accordance with Article II.24.4 and to request additional supporting documents or information under the procedure laid down in Article II.24.5.

The Commission may suspend the time limit for payment or the payment in accordance with the procedure in Article II.24.5 and Article II.24.6.

I.4.3 Language of requests for payments, technical reports and financial statements

All requests for payments, technical reports and financial statements shall be submitted in English.

ARTICLE I.5 - BANK ACCOUNT FOR PAYMENTS

All payments shall be made to the beneficiary's bank account as indicated below:



ARTICLE I.6 - DATA CONTROLLER AND COMMUNICATION DETAILS OF THE PARTIES

I.6.1 Data controller

The entity acting as a data controller according to Article II.6 shall be:

European Commission
Directorate-General Migration and Home Affairs
Unit E.4 - Budget and control
LX 46 04/026
B-1049 Brussels

I.6.2 Communication details of the Commission

Any communication addressed to the Commission shall bear the grant agreement number and shall be sent to the following address:

European Commission
Directorate-General Migration and Home Affairs
Directorate E - Migration and Security Funds
Unit E.1 – Union Actions
LX 46 05/115
B-1049 Brussels

E-mail address: HOME-EMERGENCY@ec.europa.eu

I.6.3 Communication details of the beneficiary

Any communication from the Commission to the beneficiary shall be sent to the following address:


Comando Generale del Corpo delle Capitanerie di Porto



Viale dell'Arte, 16
00144- Roma
Italia

ARTICLE I.7 - INELIGIBILITY OF VALUE ADDED TAX

By way of derogation from Article II.19.2(h), amounts of value added tax (VAT) paid are not eligible for activities engaged in as a public authority by the beneficiary, where it is a State, regional or local government authority or another body governed by public law.

ARTICLE I.8 – COSTS OF STAFF OF PUBLIC ADMINISTRATIONS OR PUBLIC AUTHORITIES

The salary costs related to staff of public administrations or public authorities are eligible to the extent that they relate to the cost of activities which the relevant public administration or public authority would not carry out if the project concerned were not undertaken.

ARTICLE I.9 – SPECIAL PROVISIONS ON BUDGET TRANSFERS

By way of derogation from the first subparagraph of Article II.22, budget transfers between budget categories (*headings*) above 10% of the amount of each budget category (*heading*) for which the transfer is intended require written prior approval from the Commission.

ARTICLE I.10 – ADDITIONAL PROVISIONS ON SUBCONTRACTING

In addition to the conditions set out in Article II.10.2 (d), any intention to subcontract tasks forming part of the action, if not provided for in Annex I, shall be notified by the beneficiary and is subject to prior written approval by the Commission.

ARTICLE I.11 - ELIGIBILITY OF EQUIPMENT COSTS

By way of derogation from Article II.19.2(c), the full cost of purchase of equipment shall be eligible subject to the following conditions:

- either the total cost of the individual equipment piece is less than EUR 2.000 or,
- if higher, the cost is authorised by the Commission and listed in Annex III without depreciation.
- the equipment shall continue to be used for the same objectives pursued by the project after the project has ended, for the minimum duration of:
 - o three years or more for Information and Communication Technology (ICT) equipment;
 - o five years or more for other types of equipment such as operating equipment and means of transport.

ARTICLE I.12 – COSTS OF EU OFFICIALS

The payment of honoraria, fees or the reimbursement of costs incurred due to the participation in the project of civil servants (including national experts, other agents or staff) of the Institutions of the European Union/EU Agencies may not be charged to the budget of the project.

ARTICLE I.13 – SUBSISTENCE ALLOWANCES

By way of derogation from Article II.19.2 (b), subsistence allowances are eligible provided these costs are in line with the beneficiary's usual practices or, if no internal rules exist, they are based on actual costs incurred but, in both cases, subsistence allowances are eligible only within the limits of the EU Commission approved scales available at <https://ec.europa.eu/europeaid/node/96684>.

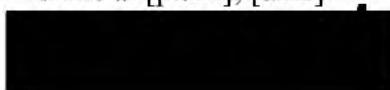
SIGNATURES

For the Beneficiary



[signature]

Done at [place], [date]



For the Commission

Simon Mordue

Acting Director



[signature]

Done at Brussels, [date]



In duplicate in English



ANNEX II

GENERAL CONDITIONS

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PART A – LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE II.1 – GENERAL OBLIGATIONS OF THE BENEFICIARY

The beneficiary shall:

- (a) be responsible for carrying out the action in accordance with the terms and conditions of the Agreement;
- (b) be responsible for complying with any legal obligations incumbent on it;
- (c) inform the Commission immediately of any change likely to affect or delay the implementation of the action of which the beneficiary is aware;
- (d) inform the Commission immediately of any change in its legal, financial, technical, organisational or ownership situation and of any change in its name, address or legal representative.

ARTICLE II.2 – COMMUNICATIONS BETWEEN THE PARTIES

II.2.1 Form and means of communications

Any communication relating to the Agreement or to its implementation shall be made in writing (in paper or electronic form), shall bear the number of the Agreement and shall be made using the communication details identified in Article I.6.

Electronic communications shall be confirmed by an original signed paper version of that communication if requested by any of the parties provided that this request is submitted without unjustified delay. The sender shall send the original signed paper version without unjustified delay.

Formal notifications shall be made by registered mail with return receipt or equivalent, or by equivalent electronic means.

II.2.2 Date of communications

Any communication is deemed to have been made when it is received by the receiving party, unless the agreement refers to the date when the communication was sent.

Electronic communication is deemed to have been received by the receiving party on the day of successful dispatch of that communication, provided that it is sent to the addressees listed in Article I.6. Dispatch shall be deemed unsuccessful if the sending party receives a message of non-delivery. In this case, the sending party shall immediately send again such communication to any of the other addresses listed in Article I.6. In case of unsuccessful dispatch, the sending party shall not be held in breach of its obligation to send such communication within a specified deadline.

Mail sent to the Commission using the postal services is considered to have been received by the Commission on the date on which it is registered by the department identified in Article I.6.2.

Formal notifications made by registered mail with return receipt or equivalent, or by equivalent electronic means, shall be considered to have been received by the receiving party on the date of receipt indicated on the return receipt or equivalent.

ARTICLE II.3 – LIABILITY FOR DAMAGES

- II.3.1** The Commission shall not be held liable for any damage caused or sustained by the beneficiary, including any damage caused to third parties as a consequence of or during the implementation of the action.
- II.3.2** Except in cases of force majeure, the beneficiary shall compensate the Commission for any damage sustained by it as a result of the implementation of the action or because the action was not implemented or implemented poorly, partially or late.

ARTICLE II.4 - CONFLICT OF INTERESTS

- II.4.1** The beneficiary shall take all necessary measures to prevent any situation where the impartial and objective implementation of the Agreement is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest ("conflict of interests").
- II.4.2** Any situation constituting or likely to lead to a conflict of interests during the implementation of the Agreement shall be notified to the Commission, in writing, without delay. The beneficiary shall immediately take all the necessary steps to rectify this situation. The Commission reserves the right to verify that the measures taken are appropriate and may require additional measures to be taken within a specified deadline.

ARTICLE II.5 – CONFIDENTIALITY

- II.5.1** The Commission and the beneficiary shall preserve the confidentiality of any information and documents, in any form, which are disclosed in writing or orally in relation to the implementation of the Agreement and which are explicitly indicated in writing as confidential.
- II.5.2** The beneficiary shall not use confidential information and documents for any reason other than fulfilling its obligations under the Agreement, unless otherwise agreed with the Commission in writing.
- II.5.3** The Commission and the beneficiary shall be bound by the obligations referred to in Articles II.5.1 and II.5.2 during the implementation of the Agreement and for a period of five years starting from the payment of the balance, unless:
- (a) the concerned party agrees to release the other party from the confidentiality obligations earlier;
 - (b) the confidential information becomes public through other means than in breach of the confidentiality obligation through disclosure by the party bound by that obligation;

- (c) the disclosure of the confidential information is required by law.

ARTICLE II.6 – PROCESSING OF PERSONAL DATA

II.6.1 Processing of personal data by the Commission

Any personal data included in the Agreement shall be processed by the Commission pursuant to Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data.

Such data shall be processed by the data controller identified in Article I.6.1 solely for the purposes of the implementation, management and monitoring of the Agreement, without prejudice to possible transmission to the bodies charged with the monitoring or inspection tasks in application of Union law.

The beneficiary shall have the right of access to his/her personal data and the right to rectify any such data. Should the beneficiary have any queries concerning the processing of his/her personal data, he/she shall address them to the data controller, identified in Article I.6.1.

The beneficiary shall have the right of recourse at any time to the European Data Protection Supervisor.

II.6.2 Processing of personal data by the beneficiary

Where the Agreement requires the processing of personal data by the beneficiary, the beneficiary may act only under the supervision of the data controller identified in Article I.6.1, in particular with regard to the purpose of the processing, the categories of data which may be processed, the recipients of the data and the means by which the data subject may exercise his or her rights.

The access to data that the beneficiary grants to its personnel shall be limited to the extent strictly necessary for the implementation, management and monitoring of the Agreement.

The beneficiary undertakes to adopt appropriate technical and organisational security measures having regard to the risks inherent in the processing and to the nature of the personal data concerned, in order to:

- (a) prevent any unauthorised person from gaining access to computer systems processing personal data, and especially:
 - (i) unauthorised reading, copying, alteration or removal of storage media;
 - (ii) unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored personal data;
 - (iii) unauthorised persons from using data-processing systems by means of data transmission facilities;
- (b) ensure that authorised users of a data-processing system can access only the personal data to which their access right refers;

- (c) record which personal data have been communicated, when and to whom;
- (d) ensure that personal data being processed on behalf of third parties can be processed only in the manner prescribed by the Commission;
- (e) ensure that, during communication of personal data and transport of storage media, the data cannot be read, copied or erased without authorisation;
- (f) design its organisational structure in such a way that it meets data protection requirements.

ARTICLE II.7 – VISIBILITY OF UNION FUNDING

II.7.1 Information on Union funding and use of European Union emblem

Unless the Commission requests or agrees otherwise, any communication or publication related to the action, made by the beneficiary, including at conferences, seminars or in any information or promotional materials (such as brochures, leaflets, posters, presentations, etc.), shall indicate that the action has received funding from the Union and shall display the European Union emblem.

When displayed in association with another logo, the European Union emblem must have appropriate prominence.

The obligation to display the European Union emblem does not confer to the beneficiary a right of exclusive use. The beneficiary shall not appropriate the European Union emblem or any similar trademark or logo, either by registration or by any other means.

For the purposes of the first, second and third subparagraphs and under the conditions specified therein, the beneficiary is exempted from the obligation to obtain prior permission from the Commission to use the European Union emblem.

II.7.2 Disclaimers excluding Commission responsibility

Any communication or publication related to the action, made by the beneficiary in any form and using any means, shall indicate that it reflects only the author's view and that the Commission is not responsible for any use that may be made of the information it contains.

ARTICLE II.8 – PRE-EXISTING RIGHTS AND OWNERSHIP AND USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)

II.8.1 Ownership of the results by the beneficiary

Unless stipulated otherwise in the Agreement, ownership of the results of the action, including industrial and intellectual property rights, and of the reports and other documents relating to it, shall be vested in the beneficiary.

II.8.2 Pre-existing industrial and intellectual property rights

Where industrial and intellectual property rights, including rights of third parties, exist prior to the conclusion of the Agreement, the beneficiary shall establish a list which shall specify all rights of ownership and use of the pre-existing industrial and intellectual property rights and disclose it to the Commission at the latest before the commencement of implementation.

The beneficiary shall ensure that it or its affiliated entities have all the rights to use any pre-existing industrial and intellectual property rights during the implementation of the Agreement.

II.8.3 Rights of use of the results and of pre-existing rights by the Union

Without prejudice to Articles II.1, II.3 and II.8.1, the beneficiary grants the Union the right to use the results of the action for the following purposes:

- (a) use for its own purposes, and in particular, making available to persons working for the Commission, other Union institutions, agencies and bodies and to Member States' institutions, as well as, copying and reproducing in whole or in part and in unlimited number of copies;
- (b) distribution to the public, and in particular, publication in hard copies and in electronic or digital format, publication on the internet, including on the Europa website, as a downloadable or non-downloadable file, broadcasting by any kind of technique of transmission, public display or presentation, communication through press information services, inclusion in widely accessible databases or indexes;
- (c) translation;
- (d) giving access upon individual requests without the right to reproduce or exploit, as provided for by Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents;
- (e) storage in paper, electronic or other format;
- (f) archiving in line with the document management rules applicable to the Commission;
- (g) rights to authorise or sub-licence the modes of exploitation set out in points (b) and (c) to third parties.

Additional rights of use for the Union may be provided for in the Special Conditions.

The beneficiary shall warrant that the Union has the right to use any pre-existing industrial and intellectual property rights, which have been included in the results of the action. Unless specified otherwise in the Special Conditions, those pre-existing rights shall be used for the same purposes and under the same conditions applicable to the rights of use of the results of the action.

Information about the copyright owner shall be inserted when the result is divulged by the Union. The copyright information shall read: "© – year – name of the copyright owner. All rights reserved. Licenced to the European Union under conditions.".

ARTICLE II.9 – AWARD OF CONTRACTS NECESSARY FOR THE IMPLEMENTATION OF THE ACTION

II.9.1 Where the implementation of the action requires the procurement of goods, works or services, the beneficiary shall award the contract to the tender offering best value for money or, as appropriate, to the tender offering the lowest price. In doing so, it shall avoid any conflict of interests.

A beneficiary acting in its capacity of a contracting authority within the meaning of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts or a contracting entity within the meaning of Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors shall abide by the applicable national public procurement rules.

II.9.2 The beneficiary shall retain sole responsibility for carrying out the action and for compliance with the provisions of the Agreement. The beneficiary shall ensure that any procurement contract contains provisions stipulating that the contractor has no rights vis-à-vis the Commission under the Agreement.

II.9.3 The beneficiary shall ensure that the conditions applicable to it under Articles II.3, II.4, II.5, II.8 and II.27 are also applicable to the contractor.

ARTICLE II.10 – SUBCONTRACTING OF TASKS FORMING PART OF THE ACTION

II.10.1 A "subcontract" is a procurement contract within the meaning of Article II.9, which covers the implementation by a third party of tasks forming part of the action as described in Annex I.

II.10.2 The beneficiary may subcontract tasks forming part of the action, provided that, in addition to the conditions specified in Article II.9 and the Special Conditions, the following conditions are complied with:

- (a) subcontracting only covers the implementation of a limited part of the action;
- (b) recourse to subcontracting is justified having regard to the nature of the action and what is necessary for its implementation;
- (c) the estimated costs of the subcontracting are clearly identifiable in the estimated budget set out in Annex III;
- (d) any recourse to subcontracting, if not provided for in Annex I, is communicated by the beneficiary and approved by the Commission without prejudice to Article II.12.2;
- (e) the beneficiary ensures that the conditions applicable to it under Article II.7 are also applicable to the subcontractor.

ARTICLE II.11 - FINANCIAL SUPPORT TO THIRD PARTIES

II.11.1 Where the implementation of the action requires giving financial support to third parties, the beneficiary shall give such financial support in accordance with the conditions specified in Annex I, which shall at least contain:

- (a) the maximum amount of financial support, which shall not exceed EUR 60 000 for each third party except where the financial support is the primary aim of the action as specified in Annex I;
- (b) the criteria for determining the exact amount of the financial support;
- (c) the different types of activity that may receive financial support, on the basis of a fixed list;
- (d) the definition of the persons or categories of persons which may receive financial support;
- (e) the criteria for giving the financial support.

II.11.2 By way of derogation from Article II.11.1, in case the financial support takes the form of a prize, the beneficiary shall give such financial support in accordance with the conditions specified in Annex I, which shall at least contain:

- (a) the conditions for participation;
- (b) the award criteria;
- (c) the amount of the prize;
- (d) the payment arrangements.

II.11.3 The beneficiary shall ensure that the conditions applicable to it under Articles II.3, II.4, II.5, II.7, II.8 and II.27 are also applicable to the third parties receiving financial support.

ARTICLE II.12 – AMENDMENTS TO THE AGREEMENT

II.12.1 Any amendment to the Agreement shall be made in writing.

II.12.2 An amendment may not have the purpose or the effect of making changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants.

II.12.3 Any request for amendment shall be duly justified and shall be sent to the other party in due time before it is due to take effect, and in any case one month before the end of the period set out in Article I.2.2, except in cases duly substantiated by the party requesting the amendment and accepted by the other party.

II.12.4 In case of an operating grant the period set out in Article I.2.2 shall not be extended via amendments.

II.12.5 Amendments shall enter into force on the date on which the last party signs or on the date of approval of the request for amendment.

Amendments shall take effect on a date agreed by the parties or, in the absence of such an agreed date, on the date on which the amendment enters into force.

ARTICLE II.13 – ASSIGNMENT OF CLAIMS FOR PAYMENTS TO THIRD PARTIES

II.13.1 Claims for payments of the beneficiary against the Commission may not be assigned to third parties, except in duly justified cases where the situation warrants it.

The assignment shall only be enforceable against the Commission if it has accepted the assignment on the basis of a written and reasoned request to that effect made by the beneficiary. In the absence of such an acceptance, or in the event of failure to observe the terms thereof, the assignment shall have no effect on the Commission.

II.13.2 In no circumstances shall such an assignment release the beneficiary from its obligations towards the Commission.

ARTICLE II.14 – FORCE MAJEURE

II.14.1 "*Force majeure*" shall mean any unforeseeable exceptional situation or event beyond the parties' control, which prevents either of them from fulfilling any of their obligations under the Agreement, which was not attributable to error or negligence on their part or on the part of subcontractors, affiliated entities or third parties involved in the implementation and which proves to be inevitable in spite of exercising all due diligence. Any default of a service, defect in equipment or material or delays in making them available, unless they stem directly from a relevant case of force majeure, as well as labour disputes, strikes or financial difficulties cannot be invoked as *force majeure*.

II.14.2 A party faced with *force majeure* shall formally notify the other party without delay, stating the nature, likely duration and foreseeable effects.

II.14.3 The parties shall take the necessary measures to limit any damage due to *force majeure*. They shall do their best to resume the implementation of the action as soon as possible.

II.14.4 The party faced with *force majeure* shall not be held to be in breach of its obligations under the Agreement if it has been prevented from fulfilling them by *force majeure*.

ARTICLE II.15 – SUSPENSION OF THE IMPLEMENTATION OF THE ACTION

H.15.1 Suspension of the implementation by the beneficiary

The beneficiary may suspend the implementation of the action or any part thereof if exceptional circumstances make such implementation impossible or excessively difficult, in

particular in the event of *force majeure*. The beneficiary shall inform the Commission without delay, giving all the necessary reasons and details and the foreseeable date of resumption.

Unless the Agreement is terminated in accordance with Article II.16.1 or points (b) or (c) of Article II.16.2.1, the beneficiary shall, once the circumstances allow resuming the implementation of the action, inform the Commission immediately and present a request for amendment of the Agreement as provided for in Article II.15.3.

II.15.2 Suspension of the implementation by the Commission

II.15.2.1 The Commission may suspend the implementation of the action or any part thereof:

- (a) if the Commission has evidence that the beneficiary has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Agreement or if the beneficiary fails to comply with its obligations under the Agreement;
- (b) if the Commission has evidence that the beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other grants funded by the Union or the European Atomic Energy Community which were awarded to the beneficiary under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on this grant; or
- (c) if the Commission suspects substantial errors, irregularities, fraud or breach of obligations committed by the beneficiary in the award procedure or in the implementation of the Agreement and needs to verify whether they have actually occurred.

II.15.2.2 Before suspending the implementation the Commission shall formally notify the beneficiary of its intention to suspend, specifying the reasons thereof, and, in the cases referred to in points (a) and (b) of Article II.15.2.1, the necessary conditions for resuming the implementation. The beneficiary shall be invited to submit observations within 30 calendar days from receipt of this notification.

If, after examination of the observations submitted by the beneficiary, the Commission decides to stop the suspension procedure, it shall formally notify the beneficiary thereof.

If no observations have been submitted or if, despite the observations submitted by the beneficiary, the Commission decides to pursue the suspension procedure, it may suspend the implementation by formally notifying the beneficiary thereof, specifying the reasons for the suspension and, in the cases referred to in points (a) and (b) of Article II.15.2.1, the definitive conditions for resuming the implementation or, in the case referred to in point (c) of Article II.15.2.1, the indicative date of completion of the necessary verification.

The suspension shall take effect on the day of the receipt of the notification by the beneficiary or on a later date, where the notification so provides.

In order to resume the implementation, the beneficiary shall endeavour to meet the notified conditions as soon as possible and shall inform the Commission of any progress made in this respect.

Unless the Agreement is terminated in accordance with Article II.16.1 or points (b), (h) or (i) of Article II.16.2.1, the Commission shall, as soon as it considers that the conditions for resuming the implementation have been met or the necessary verification, including on-the-spot checks, has been carried out, formally notify the beneficiary thereof and invite the beneficiary to present a request for amendment of the Agreement as provided for in Article II.15.3.

II.15.3 Effects of the suspension

If the implementation of the action can be resumed and the Agreement is not terminated, an amendment to the Agreement shall be made in accordance with Article II.12 in order to establish the date on which the action shall be resumed, to extend the duration of the action and to make any other modifications that may be necessary to adapt the action to the new implementing conditions.

The suspension is deemed lifted as from the date of resumption of the action agreed by the parties in accordance with the first subparagraph. Such a date may be before the date on which the amendment enters into force.

Any costs incurred by the beneficiary, during the period of suspension, for the implementation of the suspended action or the suspended part thereof, shall not be reimbursed or covered by the grant.

The right of the Commission to suspend the implementation is without prejudice to its right to terminate the Agreement in accordance with Article II.16.2 and its right to reduce the grant or recover amounts unduly paid in accordance with Articles II.25.4 and II.26.

Neither party shall be entitled to claim compensation on account of a suspension by the other party.

ARTICLE II.16 – TERMINATION OF THE AGREEMENT

II.16.1 Termination of the Agreement by the beneficiary

In duly justified cases the beneficiary may terminate the Agreement by formally notifying the Commission thereof, stating clearly the reasons and specifying the date on which the termination shall take effect. The notification shall be sent before the termination is due to take effect.

If no reasons are given or if the Commission considers that the reasons exposed cannot justify the termination, it shall formally notify the beneficiary, specifying the grounds thereof, and the Agreement shall be deemed to have been terminated improperly, with the consequences set out in the third subparagraph of Article II.16.3.

II.16.2 Termination of the Agreement by the Commission

II.16.2.1 The Commission may decide to terminate the Agreement in the following circumstances:

- (a) if a change to the beneficiary's legal, financial, technical, organisational or ownership situation is likely to affect the implementation of the Agreement substantially or calls into question the decision to award the grant;
- (b) if the beneficiary does not implement the action as specified in Annex I or fails to comply with another substantial obligation incumbent on it under the terms of the Agreement;
- (c) in the event of *force majeure*, notified in accordance with Article II.14, or in the event of suspension by the beneficiary as a result of exceptional circumstances, notified in accordance with Article II.15, where resuming the implementation is impossible or where the necessary modifications to the Agreement would call into question the decision awarding the grant or would result in unequal treatment of applicants;
- (d) if the beneficiary is declared bankrupt, is being wound up, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject of any other similar proceedings concerning those matters, or is in an analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (e) if the beneficiary or any related person, as defined in the second subparagraph, have been found guilty of professional misconduct proven by any means;
- (f) if the beneficiary is not in compliance with its obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which it is established or in which the action is implemented;
- (g) if the Commission has evidence that the beneficiary or any related person, as defined in the second subparagraph, have committed fraud, corruption, or are involved in a criminal organisation, money laundering or any other illegal activity detrimental to the Union's financial interests;
- (h) if the Commission has evidence that the beneficiary or any related person, as defined in the second subparagraph, have committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Agreement, including in the event of submission of false information or failure to submit required information in order to obtain the grant provided for in the Agreement; or
- (i) if the Commission has evidence that the beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other grants funded by the Union or the European Atomic Energy Community which were awarded to the beneficiary under similar

conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on this grant.

For the purposes of points (e), (g) and (h) "any related person" shall mean any natural person who has the power to represent the beneficiary or to take decisions on its behalf.

II.16.2.2 Before terminating the Agreement, the Commission shall formally notify the beneficiary of its intention to terminate, specifying the reasons thereof and inviting the beneficiary, within 45 calendar days from receipt of the notification, to submit observations and, in the case of point (b) of Article II.16.2.1, to inform the Commission about the measures taken to ensure that it continues to fulfil its obligations under the Agreement.

If, after examination of the observations submitted by the beneficiary, the Commission decides to stop the termination procedure, it shall formally notify the beneficiary thereof.

If no observations have been submitted or if, despite the observations submitted by the beneficiary, the Commission decides to pursue the termination procedure, it may terminate the Agreement by formally notifying the beneficiary thereof, specifying the reasons for the termination.

In the cases referred to in points (a), (b), (d) and (f) of Article II.16.2.1, the formal notification shall specify the date on which the termination takes effect. In the cases referred to in points (c), (e), (g), (h) and (i) of Article II.16.2.1, the termination shall take effect on the day following the date on which the formal notification was received by the beneficiary.

II.16.3 Effects of termination

Where the Agreement is terminated, payments by the Commission shall be limited to the amount determined in accordance with Article II.25 on the basis of the eligible costs incurred by the beneficiary and the actual level of implementation of the action on the date when the termination takes effect. Costs relating to current commitments, which are not due for execution until after the termination, shall not be taken into account. The beneficiary shall have 60 days from the date when the termination of the Agreement takes effect, as provided for in Articles II.16.1 and II.16.2.2, to produce a request for payment of the balance in accordance with Article II.23.2. If no request for payment of the balance is received within this time limit, the Commission shall not reimburse or cover any costs which are not included in a financial statement approved by it or which are not justified in a technical report approved by it. In accordance with Article II.26, the Commission shall recover any amount already paid, if its use is not substantiated by the technical reports and, where applicable, by the financial statements approved by the Commission.

Where the Commission, in accordance with point (b) of Article II.16.2.1, is terminating the Agreement on the grounds that the beneficiary has failed to produce the request for payment and, after a reminder, has still not complied with this obligation within the deadline set out in Article II.23.3, the first subparagraph shall apply, subject to the following:

- (a) there shall be no additional time period from the date when the termination of the Agreement takes effect for the beneficiary to produce a request for payment of the balance in accordance with Article II.23.2; and
- (b) the Commission shall not reimburse or cover any costs incurred by the beneficiary up to the date of termination or up to the end of the period set out in Article I.2.2, whichever is the earlier, which are not included in a financial statement approved by it or which are not justified in a technical report approved by it.

In addition to the first and second subparagraphs, where the Agreement is terminated improperly by the beneficiary within the meaning of Article II.16.1, or where the Agreement is terminated by the Commission on the grounds set out in points (b), (e), (g), (h) and (i) of Article II.16.2.1, the Commission may also reduce the grant or recover amounts unduly paid in accordance with Articles II.25.4 and II.26, in proportion to the gravity of the failings in question and after allowing the beneficiary to submit its observations.

Neither party shall be entitled to claim compensation on account of a termination by the other party.

ARTICLE II.17 – ADMINISTRATIVE AND FINANCIAL PENALTIES

II.17.1 By virtue of Articles 109 and 131(4) of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and with due regard to the principle of proportionality, if the beneficiary has committed substantial errors, irregularities or fraud, has made false declarations in supplying required information or has failed to supply such information at the moment of the submission of the application or during the implementation of the grant, or has been found in serious breach of its obligations under the Agreement, it shall be liable to:

- (a) administrative penalties consisting of exclusion from all contracts and grants financed by the Union budget for a maximum of five years from the date on which the infringement is established and confirmed following a contradictory procedure with the beneficiary; and/or
- (b) financial penalties of 2% to 10% of the maximum amount of the grant set out in Article I.3.

In the event of another infringement within five years following the establishment of the first infringement, the period of exclusion under point (a) may be extended to 10 years and the range of the rate referred to in point (b) may be increased to 4% to 20%.

II.17.2 The Commission shall formally notify the beneficiary of any decision to apply such penalties.

The Commission is entitled to publish such decision under the conditions and within the limits specified in Article 109(3) of Regulation (EU, Euratom) No 966/2012.

An action may be brought against such decision before the General Court of the European Union, pursuant to Article 263 of the Treaty on the Functioning of the European Union ("TFEU").

ARTICLE II.18 – APPLICABLE LAW, SETTLEMENT OF DISPUTES AND ENFORCEABLE DECISION

II.18.1 The Agreement is governed by the applicable Union law complemented, where necessary, by the law of Belgium.

II.18.2 Pursuant to Article 272 TFEU, the General Court or, on appeal, the Court of Justice of the European Union, shall have sole jurisdiction to hear any dispute between the Union and the beneficiary concerning the interpretation, application or validity of this Agreement, if such dispute cannot be settled amicably.

II.18.3 By virtue of Article 299 TFEU, for the purposes of recoveries within the meaning of Article II.26 or financial penalties, the Commission may adopt an enforceable decision to impose pecuniary obligations on persons other than States. An action may be brought against such decision before the General Court of the European Union pursuant to Article 263 TFEU.

PART B – FINANCIAL PROVISIONS

ARTICLE II.19 – ELIGIBLE COSTS

II.19.1 Conditions for the eligibility of costs

"Eligible costs" of the action are costs actually incurred by the beneficiary which meet the following criteria:

- (a) they are incurred in the period set out in Article I.2.2, with the exception of costs relating to the request for payment of the balance and the corresponding supporting documents referred to in Article II.23.2;
- (b) they are indicated in the estimated budget set out in Annex III;
- (c) they are incurred in connection with the action as described in Annex I and are necessary for its implementation;
- (d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and with the usual cost accounting practices of the beneficiary;
- (e) they comply with the requirements of applicable tax and social legislation; and
- (f) they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

II.19.2 Eligible direct costs

"Direct costs" of the action are those specific costs which are directly linked to the implementation of the action and can therefore be attributed directly to it. They may not include any indirect costs.

To be eligible, direct costs shall comply with the conditions of eligibility set out in Article II.19.1.

In particular, the following categories of costs are eligible direct costs, provided that they satisfy the conditions of eligibility set out in Article II.19.1 as well as the following conditions:

- (a) the costs of personnel working under an employment contract with the beneficiary or an equivalent appointing act and assigned to the action, comprising actual salaries plus social security contributions and other statutory costs included in the remuneration, provided that these costs are in line with the beneficiary's usual policy on remuneration; those costs may also include additional remunerations, including payments on the basis of supplementary contracts regardless of the nature of those contracts, provided that they are paid in a consistent manner whenever the same kind of work or expertise is required, independently from the source of funding used;

The costs of natural persons working under a contract with the beneficiary other than an employment contract may be assimilated to such costs of personnel, provided that the following conditions are fulfilled:

- (i) the natural person works under the instructions of the beneficiary and, unless otherwise agreed with the beneficiary, in the premises of the beneficiary;
 - (ii) the result of the work belongs to the beneficiary; and
 - (iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary;
- (b) costs of travel and related subsistence allowances, provided that these costs are in line with the beneficiary's usual practices on travel;
- (c) the depreciation costs of equipment or other assets (new or second-hand) as recorded in the accounting statements of the beneficiary, provided that the asset has been purchased in accordance with Article II.9 and that it is written off in accordance with the international accounting standards and the usual accounting practices of the beneficiary; the costs of rental or lease of equipment or other assets are also eligible, provided that these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee;

Only the portion of the equipment's depreciation, rental or lease costs corresponding to the period set out in Article I.2.2 and the rate of actual use for the purposes of the action may be taken into account. By way of exception, the Special Conditions may provide for the eligibility of the full cost of purchase of equipment, where justified by the nature of the action and the context of the use of the equipment or assets;

- (d) costs of consumables and supplies, provided that they are purchased in accordance with Article II.9 and are directly assigned to the action;
- (e) costs arising directly from requirements imposed by the Agreement (dissemination of information, specific evaluation of the action, audits, translations, reproduction), including the costs of requested financial guarantees, provided that the corresponding services are purchased in accordance with Article II.9;
- (f) costs entailed by subcontracts within the meaning of Article II.10, provided that the conditions laid down in that Article are met;
- (g) costs of financial support to third parties within the meaning of Article II.11, provided that the conditions laid down in that Article are met;
- (h) duties, taxes and charges paid by the beneficiary, notably value added tax (VAT), provided that they are included in eligible direct costs, and unless specified otherwise in the Agreement.

II.19.3 Eligible indirect costs

"Indirect costs" of the action are those costs which are not specific costs directly linked to the implementation of the action and can therefore not be attributed directly to it. They may not include any costs identifiable or declared as eligible direct costs.

To be eligible, indirect costs shall represent a fair apportionment of the overall overheads of the beneficiary and shall comply with the conditions of eligibility set out in Article II.19.1. Unless otherwise specified in the Article I.3, eligible indirect costs shall be declared on the basis of a flat rate of 7% of the total eligible direct costs.

II.19.4 Ineligible costs

In addition to any other costs which do not fulfill the conditions set out in Article II.19.1, the following costs shall not be considered eligible:

- (a) return on capital;
- (b) debt and debt service charges;
- (c) provisions for losses or debts;
- (d) interest owed;
- (e) doubtful debts;
- (f) exchange losses;
- (g) costs of transfers from the Commission charged by the bank of the beneficiary;
- (h) costs declared by the beneficiary in the framework of another action receiving a grant financed from the Union budget (including grants awarded by a Member State and financed from the Union budget and grants awarded by other bodies than the Commission for the purpose of implementing the Union budget); in particular, indirect costs shall not be eligible under a grant for an action awarded to the beneficiary when it already receives an operating grant financed from the Union budget during the period in question;
- (i) contributions in kind from third parties;
- (j) excessive or reckless expenditure;
- (k) deductible VAT.

ARTICLE II.20 – IDENTIFIABILITY AND VERIFIABILITY OF THE AMOUNTS DECLARED

II.20.1 Reimbursement of actual costs

Where, in accordance with Article I.3(a)(i), the grant takes the form of the reimbursement of actual costs, the beneficiary must declare as eligible costs the costs it actually incurred for the action.

If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the costs declared, such as contracts, invoices and accounting records. In addition, the beneficiary's usual accounting and internal control procedures must permit direct reconciliation of the amounts declared with the amounts recorded in its accounting statements as well as with the amounts indicated in the supporting documents.

II.20.2 Reimbursement of pre-determined unit costs or pre-determined unit contribution

Where, in accordance with Article I.3(a)(ii) or (b), the grant takes the form of the reimbursement of unit costs or of a unit contribution, the beneficiary must declare as eligible costs or as requested contribution the amount obtained by multiplying the amount per unit specified in Article I.3(a)(ii) or (b) by the actual number of units used or produced.

If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the number of units declared. However, the beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, notably accounting statements, to prove the amount declared per unit.

II.20.3 Reimbursement of pre-determined lump sum costs or pre-determined lump sum contribution

Where, in accordance with Article I.3(a)(iii) or (c), the grant takes the form of the reimbursement of lump sum costs or of a lump sum contribution, the beneficiary must declare as eligible costs or as requested contribution the global amount specified in Article I.3(a)(iii) or (c), subject to the proper implementation of the corresponding tasks or part of the action as described in Annex I.

If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the proper implementation. However, the beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, notably accounting statements, to prove the amount declared as lump sum.

II.20.4 Reimbursement of pre-determined flat-rate costs or pre-determined flat-rate contribution

Where, in accordance with Article I.3(a)(iv) or (d), the grant takes the form of the reimbursement of flat-rate costs or of a flat-rate contribution, the beneficiary must declare as eligible costs or as requested contribution the amount obtained by applying the flat rate specified in Article I.3(a)(iv) or (d).

If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the eligible costs or requested contribution to which the flat rate applies. However, the beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, notably accounting statements, for the flat rate applied.

II.20.5 Reimbursement of costs declared on the basis of the beneficiary's usual cost accounting practices

Where, in accordance with Article I.3(a)(v), the grant takes the form of the reimbursement of unit costs declared on the basis of the beneficiary's usual cost accounting practices, the beneficiary must declare as eligible costs the amount obtained by multiplying the amount per unit calculated in accordance with its usual cost accounting practices by the actual number of units used or produced. If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the number of units declared.

Where, in accordance with Article I.3(a)(v), the grant takes the form of the reimbursement of lump sum costs declared on the basis of the beneficiary's usual cost accounting practices, the beneficiary must declare as eligible costs the global amount calculated in accordance with its usual cost accounting practices, subject to the proper implementation of the corresponding tasks or part of the action. If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the proper implementation.

Where, in accordance with Article I.3(a)(v), the grant takes the form of the reimbursement of flat-rate costs declared on the basis of the beneficiary's usual cost accounting practices, the beneficiary must declare as eligible costs the amount obtained by applying the flat rate calculated in accordance with its usual cost accounting practices. If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the eligible costs to which the flat rate applies.

In all three cases provided for in the first, second and third subparagraphs, the beneficiary does not need to identify the actual eligible costs covered, but it must ensure that the cost accounting practices used for the purpose of declaring eligible costs are in compliance with the following conditions:

- (a) the cost accounting practices used constitute its usual cost accounting practices and are applied in a consistent manner, based on objective criteria independent from the source of funding;
- (b) the costs declared can be directly reconciled with the amounts recorded in its general accounts; and
- (c) the categories of costs used for the purpose of determining the costs declared are exclusive of any ineligible cost or costs covered by other forms of grant in accordance with Article I.3.

Where the Special Conditions provide for the possibility for the beneficiary to request the Commission to assess the compliance of its usual cost accounting practices, the beneficiary

may submit a request for assessment, which, where required by the Special Conditions, shall be accompanied by a certificate on the compliance of the cost accounting practices ("certificate on the compliance of the cost accounting practices").

The certificate on the compliance of the cost accounting practices shall be produced by an approved auditor or, in case of public bodies, by a competent and independent public officer and drawn up in accordance with the Annex VIII.

The certificate shall certify that the beneficiary's cost accounting practices used for the purpose of declaring eligible costs comply with the conditions laid down in the fourth subparagraph and with the additional conditions which may be laid down in the Special Conditions.

Where the Commission has confirmed that the usual cost accounting practices of the beneficiary are in compliance, costs declared in application of these practices shall not be challenged *ex post*, provided that the practices actually used comply with those approved by the Commission and that the beneficiary did not conceal any information for the purpose of their approval.

ARTICLE II.21 – ELIGIBILITY OF COSTS OF ENTITIES AFFILIATED TO THE BENEFICIARY

Where the Special Conditions contain a provision on entities affiliated to the beneficiary, costs incurred by such an entity are eligible, provided that they satisfy the same conditions under Articles II.19 and II.20 as apply to the beneficiary, and that the beneficiary ensures that the conditions applicable to it under Articles II.3, II.4, II.5, II.7, II.9, II.10, and II.27 are also applicable to the entity.

ARTICLE II.22 – BUDGET TRANSFERS

Without prejudice to Article II.10 and provided that the action is implemented as described in Annex I, the beneficiary is allowed to adjust the estimated budget set out in Annex III, by transfers between the different budget categories, without this adjustment being considered as an amendment of the Agreement within the meaning of Article II.12.

The first subparagraph does not apply to amounts which, in accordance with Article I.3(a)(iii) or (c), take the form of lump sums.

ARTICLE II.23 – TECHNICAL AND FINANCIAL REPORTING – REQUESTS FOR PAYMENT AND SUPPORTING DOCUMENTS

II.23.1 Requests for further pre-financing payments and supporting documents

Where, in accordance with Article I.4.1, the pre-financing shall be paid in several instalments and where Article I.4.1 provides for a further pre-financing payment subject to having used all or part of the previous instalment, the beneficiary may submit a request for a further pre-financing payment once the percentage of the previous instalment specified in Article I.4.1 has been used.

Where, in accordance with Article I.4.1, the pre-financing shall be paid in several instalments and where Article I.4.1 provides for a further pre-financing payment at the end of a reporting period, the beneficiary shall submit a request for a further pre-financing payment within 60 days following the end of each reporting period for which a new pre-financing payment is due.

In both cases, the request shall be accompanied by the following documents:

- (a) a progress report on implementation of the action ("technical report on progress");
- (b) a statement on the amount of the previous pre-financing instalment used to cover costs of the action ("statement on the use of the previous pre-financing instalment"), drawn up in accordance with Annex V; and
- (c) where required by Article I.4.1, a financial guarantee.

II.23.2 Requests for interim payments or for payment of the balance and supporting documents

The beneficiary shall submit a request for an interim payment or for payment of the balance within 60 days following the end of each reporting period for which, in accordance with Article I.4.1, an interim payment or the payment of the balance is due.

This request shall be accompanied by the following documents:

- (a) an interim report ("interim technical report") or, for the payment of the balance, a final report on implementation of the action ("final technical report"), drawn up in accordance with Annex IV; the interim or final technical report must contain the information needed to justify the eligible costs declared or the contribution requested on the basis of unit costs and lump sums where the grant takes the form of the reimbursement of unit or lump sum costs or of a unit or lump sum contribution in accordance with Article I.3(a)(ii), (iii), (b) or (c), as well as information on subcontracting as referred to in Article II.10.2(d);
- (b) an interim financial statement ("interim financial statement") or, for the payment of the balance, a final financial statement ("final financial statement"); the interim or final financial statements must include a breakdown of the amounts claimed by the beneficiary and its affiliated entities; it must be drawn up in accordance with the structure of the estimated budget set out in Annex III and with Annex V and detail the amounts for each of the forms of grant set out in Article I.3 for the reporting period concerned;
- (c) only for the payment of the balance, a summary financial statement ("summary financial statement"); this statement must include a breakdown of the amounts declared or requested by the beneficiary and its affiliated entities, aggregating the financial statements already submitted previously and indicating the receipts referred to in Article II.25.3.2 for the beneficiary and its affiliated entities; it must be drawn up in accordance with Annex V;
- (d) a certificate on the financial statements and underlying accounts ("certificate on the financial statements") where the following conditions are met:

(i) in case of a grant for an action, where such a certificate is required by Article I.4.1 or where both the total contribution in the form of reimbursement of actual costs as referred to in Article I.3(a)(i) is at least EUR 750 000 and the beneficiary requests a reimbursement in that form of at least EUR 325 000 (when adding all previous reimbursements in that form for which a certificate on the financial statements has not been submitted),

(ii) in case of an operating grant, where such a certificate is required by Article I.4.1 or where the total contribution in the form of reimbursement of actual costs as referred to in Article I.3(a)(i) is at least EUR 100 000.

This certificate shall be produced by an approved auditor or, in case of public bodies, by a competent and independent public officer and drawn up in accordance with Annex VI. It shall certify that the costs declared in the interim or final financial statement by the beneficiary or its affiliated entities for the categories of costs reimbursed in accordance with Article I.3(a)(i) are real, accurately recorded and eligible in accordance with the Agreement. In addition, for the payment of the balance, it shall certify that all the receipts referred to in Article II.25.3.2 have been declared; and

- (e) where required by Article I.4.1, an operational verification report ("operational verification report"), produced by an independent third party approved by the Commission and drawn up in accordance with Annex VII.

This report shall state that the actual implementation of the action as described in the interim or final report complies with the conditions set out in the Agreement.

The beneficiary shall certify that the information provided in the request for interim payment or for payment of the balance is full, reliable and true. It shall also certify that the costs incurred can be considered eligible in accordance with the Agreement and that the request for payment is substantiated by adequate supporting documents that can be produced in the context of the checks or audits described in Article II.27. In addition, for the payment of the balance, it shall certify that all the receipts referred to in Article II.25.3.2 have been declared.

II.23.3 Non-submission of documents

Where the beneficiary has failed to submit a request for interim payment or payment of the balance accompanied by the documents referred to above within 60 days following the end of the corresponding reporting period and where the beneficiary still fails to submit such a request within 60 days following a written reminder sent by the Commission, the Commission reserves the right to terminate the Agreement in accordance with Article II.16.2.1(b), with the effects described in the second and the third subparagraphs of Article II.16.3.

II.23.4 Currency for requests for payment and financial statements and conversion into euro

Requests for payment and financial statements shall be drafted in euro.

Where the beneficiary keeps its general accounts in a currency other than the euro, it shall convert costs incurred in another currency into euro at the average of the daily exchange rates published in the C series of *Official Journal of the European Union*, determined over the corresponding reporting period. Where no daily euro exchange rate is published in the

Official Journal of the European Union for the currency in question, conversion shall be made at the average of the monthly accounting rates established by the Commission and published on its website (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforcuro_en.cfm), determined over the corresponding reporting period.

Where the beneficiary keeps its general accounts in euro, it shall convert costs incurred in another currency into euro according to its usual accounting practices.

ARTICLE II.24 – PAYMENTS AND PAYMENT ARRANGEMENTS

II.24.1 Pre-financing

The pre-financing is intended to provide the beneficiary with a float.

Without prejudice to Article II.24.6, where Article I.4.1 provides for a pre-financing payment upon entry into force of the Agreement, the Commission shall pay to the beneficiary within 30 days following that date or, where required by Article I.4.1, following receipt of the financial guarantee.

Where payment of pre-financing is conditional on receipt of a financial guarantee, the financial guarantee shall fulfil the following conditions:

- (a) it is provided by a bank or an approved financial institution or, at the request of the beneficiary and acceptance by the Commission, by a third party;
- (b) the guarantor stands as first-call guarantor and does not require the Commission to have recourse against the principal debtor (i.e. the beneficiary); and
- (c) it provides that it remains in force until the pre-financing is cleared against interim payments or payment of the balance by the Commission and, in case the payment of the balance is made in the form of a debit note, three months after the debit note is notified to the beneficiary. The Commission shall release the guarantee within the following month.

II.24.2 Further pre-financing payments

Without prejudice to Articles II.24.5 and II.24.6, on receipt of the documents referred to in Article II.23.1, the Commission shall pay to the beneficiary the new pre-financing instalment within 60 days.

Where the statement on the use of the previous pre-financing instalment submitted in accordance with Article II.23.1 shows that less than 70% of the previous pre-financing instalment paid has been used to cover costs of the action, the amount of the new pre-financing to be paid shall be reduced by the difference between the 70% threshold and the amount used.

II.24.3 Interim payments

Interim payments are intended to reimburse or cover the eligible costs incurred for the implementation of the action during the corresponding reporting periods.

Without prejudice to Articles II.24.5 and II.24.6, on receipt of the documents referred to in Article II.23.2, the Commission shall pay to the beneficiary the amount due as interim payment within the time limit specified in Article I.4.2.

This amount shall be determined following approval of the request for interim payment and of the accompanying documents and in accordance with the fourth, fifth and sixth subparagraphs. Approval of the request for interim payment and of the accompanying documents shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information it contains.

Without prejudice to any ceiling set out in Article I.4.1 and to Articles II.24.5 and II.24.6, the amount due as interim payment shall be determined as follows:

- (a) where, in accordance with Article I.3(a), the grant takes the form of the reimbursement of eligible costs, the amount obtained by application of the reimbursement rate specified in that Article to the eligible costs of the action approved by the Commission for the concerned reporting period and the corresponding categories of costs, for the beneficiary and its affiliated entities; if Article I.4.1 specifies another reimbursement rate, this other rate shall be applied instead;
- (b) where, in accordance with Article I.3(b), the grant takes the form of a unit contribution, the amount obtained by multiplying the unit contribution specified in that Article by the actual number of units approved by the Commission for the concerned reporting period for the beneficiary and its affiliated entities;
- (c) where, in accordance with Article I.3(c), the grant takes the form of a lump sum contribution, the lump sum specified in that Article for the beneficiary and its affiliated entities, subject to approval by the Commission of the proper implementation during the concerned reporting period of the corresponding tasks or part of the action in accordance with Annex I;
- (d) where, in accordance with Article I.3(d), the grant takes the form of a flat-rate contribution, the amount obtained by applying the flat rate referred to in that Article to the eligible costs or to the contribution accepted by the Commission for the concerned reporting period for the beneficiary and its affiliated entities.

Where Article I.3 provides for a combination of different forms of grant, these amounts shall be added.

Where Article I.4.1 requires that the interim payment clears all or part of the pre-financing paid to the beneficiary, the amount of pre-financing to be cleared shall be deducted from the amount due as interim payment, as determined in accordance with the fourth and fifth subparagraphs.

II.24.4 Payment of the balance

The payment of the balance, which may not be repeated, is intended to reimburse or cover after the end of period set out in Article I.2.2 the remaining part of the eligible costs incurred by the beneficiary for its implementation. Where the total amount of earlier payments is greater than the final amount of the grant determined in accordance with Article II.25, the payment of the balance may take the form of a recovery as provided for by Article II.26.

Without prejudice to Articles II.24.5 and II.24.6, on receipt of the documents referred to in Article II.23.2, the Commission shall pay the amount due as the balance within the time limit specified in Article I.4.2.

This amount shall be determined following approval of the request for payment of the balance and of the accompanying documents and in accordance with the fourth subparagraph. Approval of the request for payment of the balance and of the accompanying documents shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information it contains.

The amount due as the balance shall be determined by deducting, from the final amount of the grant determined in accordance with Article II.25, the total amount of pre-financing and interim payments already made.

II.24.5 Suspension of the time limit for payment

The Commission may suspend the time limit for payment specified in Articles I.4.2 and II.24.2 at any time by formally notifying the beneficiary that its request for payment cannot be met, either because it does not comply with the provisions of the Agreement, or because the appropriate supporting documents have not been produced, or because there is doubt about the eligibility of the costs declared in the financial statement.

The beneficiary shall be notified as soon as possible of any such suspension, together with the reasons thereof.

Suspension shall take effect on the date when notification is sent by the Commission. The remaining payment period shall start to run again from the date on which the requested information or revised documents are received or the necessary further verification, including on-the-spot checks, is carried out. Where the suspension exceeds two months, the beneficiary may request a decision by the Commission on whether the suspension is to be continued.

Where the time limit for payment has been suspended following the rejection of one of the technical reports or financial statements provided for by Article II.23 and the new report or statement submitted is also rejected, the Commission reserves the right to terminate the Agreement in accordance with Article II.16.2.1(b), with the effects described in Article II.16.3.

II.24.6 Suspension of payments

The Commission may, at any time during the implementation of the Agreement, suspend the pre-financing payments, interim payments or payment of the balance:

- (a) if the Commission has evidence that the beneficiary has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the grant, or if the beneficiary fails to comply with its obligations under the Agreement;
- (b) if the Commission has evidence that the beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other grants funded by the Union or by the European Atomic Energy Community which were awarded to the beneficiary under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on this grant; or

- (c) if the Commission suspects substantial errors, irregularities, fraud or breach of obligations committed by the beneficiary in the award procedure or in the implementation of the Agreement and needs to verify whether they have actually occurred.

Before suspending payments, the Commission shall formally notify the beneficiary of its intention to suspend payments, specifying the reasons thereof and, in the cases referred to in points (a) and (b) of the first subparagraph, the necessary conditions for resuming payments. The beneficiary shall be invited to make any observations within 30 calendar days from receipt of this notification.

If, after examination of the observations submitted by the beneficiary, the Commission decides to stop the procedure of payment suspension, the Commission shall formally notify the beneficiary thereof.

If no observations have been submitted or if, despite the observations submitted by the beneficiary, the Commission decides to pursue the procedure of payment suspension, it may suspend payments by formally notifying the beneficiary, specifying the reasons for the suspension and, in the cases referred to in points (a) and (b) of the first subparagraph, the definitive conditions for resuming payments or, in the case referred to in point (c) of the first subparagraph, the indicative date of completion of the necessary verification.

The suspension of payments shall take effect on the date when the notification is sent by the Commission.

In order to resume payments, the beneficiary shall endeavour to meet the notified conditions as soon as possible and shall inform the Commission of any progress made in this respect.

The Commission shall, as soon as it considers that the conditions for resuming payments have been met or the necessary verification, including on-the-spot checks, has been carried out, formally notify the beneficiary thereof.

During the period of suspension of payments and without prejudice to the right to suspend the implementation in accordance with Article II.15.1 or to terminate the Agreement in accordance with Article II.16.1, the beneficiary is not entitled to submit any requests for payments and supporting documents referred to in Article II.23.

The corresponding requests for payments and supporting documents may be submitted as soon as possible after resumption of payments or may be included in the first request for payment due following resumption of payments in accordance with the schedule laid down in Article I.4.1

II.24.7 Notification of amounts due

The Commission shall formally notify the amounts due, specifying whether it is a further pre-financing payment, an interim payment or the payment of the balance. In the case of payment of the balance, it shall also specify the final amount of the grant determined in accordance with Article II.25.

II.24.8 Interest on late payment

On expiry of the time limits for payment specified in Articles I.4.2, II.24.1 and II.24.2, and without prejudice to Articles II.24.5 and II.24.6, the beneficiary is entitled to interest on late payment at the rate applied by the European Central Bank for its main refinancing operations in euros ("the reference rate"), plus three and a half points. The reference rate shall be the rate in force on the first day of the month in which the time limit for payment expires, as published in the C series of the *Official Journal of the European Union*.

The first subparagraph shall not apply where the beneficiary is a Member State of the Union, including regional and local government authorities and other public bodies acting in the name and on behalf of the Member State for the purpose of this Agreement.

The suspension of the time limit for payment in accordance with Article II.24.5 or of payment by the Commission in accordance with Article II.24.6 may not be considered as late payment.

Interest on late payment shall cover the period running from the day following the due date for payment, up to and including the date of actual payment as established in Article II.24.10. The interest payable shall not be considered for the purposes of determining the final amount of grant within the meaning of Article II.25.3.

By way of derogation from the first subparagraph, when the calculated interest is lower than or equal to EUR 200, it shall be paid to the beneficiary only upon request submitted within two months of receiving late payment.

II.24.9 Currency for payments

Payments by the Commission shall be made in euro.

II.24.10 Date of payment

Payments by the Commission shall be deemed to be effected on the date when they are debited to the Commission's account.

II.24.11 Costs of payment transfers

Costs of the payment transfers shall be borne in the following way:

- (a) costs of transfer charged by the bank of the Commission shall be borne by the Commission;
- (b) costs of transfer charged by the bank of the beneficiary shall be borne by the beneficiary;
- (c) all costs of repeated transfers caused by one of the parties shall be borne by the party which caused the repetition of the transfer.

ARTICLE II.25 – DETERMINING THE FINAL AMOUNT OF THE GRANT

II.25.1 Calculation of the final amount

Without prejudice to Articles II.25.2, II.25.3 and II.25.4, the final amount of the grant shall be determined as follows:

- (a) where, in accordance with Article I.3(a), the grant takes the form of the reimbursement of eligible costs, the amount obtained by application of the reimbursement rate specified in that Article to the eligible costs of the action approved by the Commission for the corresponding categories of costs, for the beneficiary and its affiliated entities;
- (b) where, in accordance with Article I.3(b), the grant takes the form of a unit contribution, the amount obtained by multiplying the unit contribution specified that Article by the actual number of units approved by the Commission for the beneficiary and its affiliated entities;
- (c) where, in accordance with Article I.3(c), the grant takes the form of a lump sum contribution, the lump sum specified in that Article for the beneficiary and its affiliated entities, subject to approval by the Commission of the proper implementation of the corresponding tasks or part of the action in accordance with Annex I;
- (d) where, in accordance with Article I.3(d), the grant takes the form of a flat-rate contribution, the amount obtained by applying the flat rate referred to in that Article to the eligible costs or to the contribution accepted by the Commission for the beneficiary and its affiliated entities.

Where Article I.3 provides for a combination of different forms of grant, these amounts shall be added.

II.25.2 Maximum amount

The total amount paid to the beneficiary by the Commission may in no circumstances exceed the maximum amount specified in Article I.3.

Where the amount determined in accordance with Article II.25.1 exceeds this maximum amount, the final amount of the grant shall be limited to the maximum amount specified in Article I.3.

II.25.3 No-profit rule and taking into account of receipts

II.25.3.1 The grant may not produce a profit for the beneficiary, unless specified otherwise in the Special Conditions. "Profit" shall mean a surplus of the receipts over the eligible costs of the action.

II.25.3.2 The receipts to be taken into account are the receipts established, generated or confirmed on the date on which the request for payment of the balance is drawn up by the beneficiary, which fall within one of the following two categories:

- (a) income generated by the action; or

- (b) financial contributions specifically assigned by the donors to the financing of the eligible costs of the action reimbursed by the Commission in accordance with Article I.3(a)(i).

II.25.3.3 The following shall not be considered as a receipt to be taken into account for the purpose of verifying whether the grant produces a profit for the beneficiary:

- (a) financial contributions referred to in point (b) of Article II.25.3.2, which may be used by the beneficiary to cover costs other than the eligible costs under the Agreement;
- (b) financial contributions referred to in point (b) of Article II.25.3.2, the unused part of which is not due to the donor at the end of the period set out in Article I.2.2;
- (c) in case of an operating grant, amounts dedicated to the building up of reserves.

II.25.3.4 The eligible costs to be taken into account are the eligible costs approved by the Commission for the categories of costs reimbursed in accordance with Article I.3(a).

II.25.3.5 Where the final amount of the grant determined in accordance with Articles II.25.1 and II.25.2 would result in a profit for the beneficiary, the profit shall be deducted in proportion to the final rate of reimbursement of the actual eligible costs of the action approved by the Commission for the categories of costs referred to in Article I.3(a)(i). This final rate shall be calculated on the basis of the final amount of the grant in the form referred to in Article I.3(a)(i), as determined in accordance with Articles II.25.1 and II.25.2.

II.25.4 Reduction for poor, partial or late implementation

If the action is not implemented or is implemented poorly, partially or late, the Commission may reduce the grant initially provided for, in line with the actual implementation of the action according to the terms laid down in the Agreement.

ARTICLE II.26 – RECOVERY

II.26.1 Financial responsibility

Where an amount is to be recovered under the terms of the Agreement, the beneficiary shall repay the Commission the amount in question. The beneficiary shall be responsible for the repayment of any amount unduly paid by the Commission as a contribution towards the costs incurred by its affiliated entities.

II.26.2 Recovery procedure

Before recovery, the Commission shall formally notify the beneficiary of its intention to recover the amount unduly paid, specifying the amount due and the reasons for recovery and inviting the beneficiary to make any observations within a specified period.

If no observations have been submitted or if, despite the observations submitted by the beneficiary, the Commission decides to pursue the recovery procedure, the

Commission may confirm recovery by formally notifying to the beneficiary a debit note ("debit note"), specifying the terms and the date for payment.

If payment has not been made by the date specified in the debit note, the Commission shall recover the amount due:

- (a) by offsetting it against any amounts owed to the beneficiary by the Union or the European Atomic Energy Community (Euratom) ("offsetting"); in exceptional circumstances, justified by the necessity to safeguard the financial interests of the Union, the Commission may recover by offsetting before the due date; the beneficiary's prior consent shall not be required; an action may be brought against such offsetting before the General Court of the European Union pursuant to Article 263 TFEU;
- (b) by drawing on the financial guarantee where provided for in accordance with Article I.4.1 ("drawing on the financial guarantee");
- (c) by taking legal action in accordance with Article II.18.2 or with the Special Conditions or by adopting an enforceable decision in accordance with Article II.18.3.

II.26.3 Interest on late payment

If payment has not been made by the date set out in the debit note, the amount due shall bear interest at the rate established in Article II.24.8. Interest on late payment shall cover the period running from the day following the due date for payment, up to and including the date when the Commission actually receives payment in full of the outstanding amount.

Any partial payment shall first be appropriated against charges and interest on late payment and then against the principal.

II.26.4 Bank charges

Bank charges incurred in connection with the recovery of the sums owed to the Commission shall be borne by the beneficiary except where Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC applies.

ARTICLE II.27 – CHECKS, AUDITS AND EVALUATION

II.27.1 Technical and financial checks or audits and interim and final evaluations

The Commission may carry out technical and financial checks and audits in relation to the use of the grant. It may also check the statutory records of the beneficiary for the purpose of periodic assessments of lump sum, unit cost or flat-rate amounts.

Information and documents provided in the framework of checks or audits shall be treated on a confidential basis.

In addition, the Commission may carry out interim or final evaluation of the impact of the action measured against the objective of the Union programme concerned.

Checks, audits or evaluations made by the Commission may be carried out either directly by its own staff or by any other outside body authorised to do so on its behalf.

Such checks, audits or evaluations may be initiated during the implementation of the Agreement and for a period of five years starting from the date of payment of the balance. This period shall be limited to three years if the maximum amount specified in Article I.3 is not more than EUR 60 000.

The check, audit or evaluation procedure shall be deemed to be initiated on the date of receipt of the letter of the Commission announcing it.

II.27.2 Duty to keep documents

The beneficiary shall keep all original documents, especially accounting and tax records, stored on any appropriate medium, including digitalised originals when they are authorised by its national law and under the conditions laid down therein, for a period of five years starting from the date of payment of the balance.

This period shall be limited to three years if the maximum amount specified in Article I.3 is not more than EUR 60 000.

The periods set out in the first and second subparagraphs shall be longer if there are on-going audits, appeals, litigation or pursuit of claims concerning the grant, including in the case referred to in Article II.27.7. In such cases, the beneficiary shall keep the documents until such audits, appeals, litigation or pursuit of claims are closed.

II.27.3 Obligation to provide information

The beneficiary shall provide any information, including information in electronic format, requested by the Commission, or by any other outside body authorised by it, in the context of checks, audits or evaluations as referred to in Article II.27.1

In case the beneficiary does not comply with the obligation set out in the first subparagraph, the Commission may consider:

- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
- (b) any unit, lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

II.27.4 On-the-spot visits

During an on-the-spot visit, the beneficiary shall allow Commission staff and outside personnel authorised by the Commission to have access to the sites and premises where the action is or was carried out, and to all the necessary information, including information in electronic format.

It shall ensure that the information is readily available at the moment of the on-the-spot visit and that information requested is handed over in an appropriate form.

In case the beneficiary refuses to provide access to the sites, premises and information in accordance with the first and second subparagraphs, the Commission may consider:

- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
- (b) any unit, lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

II.27.5 Contradictory audit procedure

On the basis of the findings made during the audit, a provisional report ("draft audit report") shall be drawn up. It shall be sent by the Commission or its authorised representative to the beneficiary, which shall have 30 days from the date of receipt to submit observations. The final report ("final audit report") shall be sent to the beneficiary within 60 days of expiry of the time limit for submission of observations.

II.27.6 Effects of audit findings

On the basis of the final audit findings, the Commission may take the measures which it considers necessary, including recovery of all or part of the payments made by it, in accordance with Article II.26.

In the case of final audit findings made after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant, determined in accordance with Article II.25, and the total amount paid to the beneficiary under the Agreement for the implementation of the action.

II.27.7 Correction of systemic or recurrent errors, irregularities, fraud or breach of obligations

II.27.7.1 The Commission may take all measures which it considers necessary, including recovery of all or part of the payments made by it under the Agreement, in accordance with Article II.26, where the following conditions are fulfilled:

- (a) the beneficiary is found, on the basis of an audit of other grants awarded to it under similar conditions, to have committed systemic or recurrent errors, irregularities, fraud or breach of obligations that have a material impact on this grant; and
- (b) the final audit report containing the findings of the systemic or recurrent errors, irregularities, fraud or breach of obligations is received by the beneficiary within the period referred to in Article II.27.1.

II.27.7.2 The Commission shall determine the amount to be corrected under the Agreement:

- (a) wherever possible and practicable, on the basis of costs unduly declared as eligible under the Agreement.

For that purpose, the beneficiary shall revise the financial statements submitted under the Agreement taking account of the findings and resubmit them to the Commission within 60 days from the date of receipt of the final

audit report containing the findings of the systemic or recurrent errors, irregularities, fraud or breach of obligations.

In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant, determined in accordance with Article II.25 on the basis of the revised eligible costs declared by the beneficiary and approved by the Commission, and the total amount paid to the beneficiary under the Agreement for the implementation of the action;

- (b) where it is not possible or practicable to quantify precisely the amount of ineligible costs under the Agreement, by extrapolating the correction rate applied to the eligible costs for the grants for which the systemic or recurrent errors or irregularities have been found.

The Commission shall formally notify the extrapolation method to be applied to the beneficiary, which shall have 60 days from the date of receipt of the notification to submit observations and to propose a duly substantiated alternative method.

If the Commission accepts the alternative method proposed by the beneficiary, it shall formally notify the beneficiary thereof and determine the revised eligible costs by applying the accepted alternative method.

If no observations have been submitted or if the Commission does not accept the observations or the alternative method proposed by the beneficiary, the Commission shall formally notify the beneficiary thereof and determine the revised eligible costs by applying the extrapolation method initially notified to the beneficiary.

In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant, determined in accordance with Article II.25 on the basis of the revised eligible costs after extrapolation, and the total amount paid to the beneficiary under the Agreement for the implementation of the action; or

- (c) where ineligible costs cannot serve as a basis for determining the amount to be corrected, by applying a flat rate correction to maximum amount of the grant specified in Article I.3 or part thereof, having regard to the principle of proportionality.

The Commission shall formally notify the flat rate to be applied to the beneficiary, which shall have 60 days from the date of receipt of the notification to submit observations and to propose a duly substantiated alternative flat rate.

If the Commission accepts the alternative flat rate proposed by the beneficiary, it shall formally notify the beneficiary thereof and correct the grant amount by applying the accepted alternative flat rate.

If no observations have been submitted or if the Commission does not accept the observations or the alternative flat rate proposed by the beneficiary, the Commission shall formally notify the beneficiary thereof and correct the grant amount by applying the flat rate initially notified to the beneficiary.

In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant after flat-rate correction and the total amount paid to the beneficiary under the Agreement for the implementation of the action.

II.27.8 Checks and inspections by OLAF

The European Anti-Fraud Office (OLAF) shall have the same rights as the Commission, notably right of access, for the purpose of checks and investigations.

By virtue of Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities and Regulation (EC) No 1073/1999 of the European Parliament and the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF), OLAF may also carry out on-the-spot checks and inspections in accordance with the procedures laid down by Union law for the protection of the financial interests of the Union against fraud and other irregularities.

Where appropriate, OLAF findings may lead to recovery by the Commission.

II.27.9 Checks and audits by the European Court of Auditors

The European Court of Auditors shall have the same rights as the Commission, notably right of access, for the purpose of checks and audits.



FINAL TECHNICAL IMPLEMENTATION REPORT

Project Number:

Title:

Implemented by (coordinator and co-beneficiaries):

Starting date:

End date:

**Project website(s)
(if applicable)**

Estimated expenditure
(Article I.3 of the Grant
Agreement)

Total Eligible Costs:

EU Grant:

Expenditure incurred

Total Eligible Costs:

EU Grant:

Executive Summary of the project (max. 4000 characters)

Summary presenting:

- main objectives of the project;*
- short description of the project implemented activities;*
- key results of the project;*
- impact on the target groups or other groups affected by the project.*

This text may be published on the website of the Commission or used for other information and dissemination purposes.

PART 1 – RESULTS AND IMPACT OF THE PROJECT

1.1. Present in short the main achievements of your project (min. 200, max. 500 characters)

1.2. Present the main outcomes of the project

1.3. How would you assess the project overall (implementation, achievements, problems encountered/solutions implemented, etc.)?

1.4. Describe the European dimension and added value of the project

1.5. Describe how you implemented your dissemination strategy

1.6. Describe how the visibility of EU funding was ensured

1.7. Describe the follow up of the project, how the results will be used or further developed

1.8. Comment on possible synergies/complementarities with other EU funded activities, in particular with regard to activities funded under the ISF national programme

1.9. Explain the procurement procedures used (if applicable)

1.10. Describe and explain any substantial deviations from the planned budget

PART 2 – SUB-ACTIONS

➤ Sub-action 1

I. Description of the work (activities)

Implemented activities

-
-
- etc.

Not implemented activities

-
-
- etc.

II. Results (output and deliverables)

II.a. Outputs

-
-
- etc.

II.b. Deliverables

-
-
- etc.

➤ Sub-action 2

I. Description of the work (activities)

Implemented activities

-
-
- etc.

Not implemented activities

-
-
- etc.

II. Results (output and deliverables)

II.a. Outputs

-
-
- etc.

II.b. Deliverables

-
-
- etc.

Repeat as many times as necessary mirroring the Annex 1 of the Grant Agreement

Date:	
Name and signature of the Authorised Signatory of the Coordinator:	

ANNEX VI

MODEL TERMS OF REFERENCE FOR THE CERTIFICATE ON THE FINANCIAL STATEMENTS

1. OBJECTIVE

The main purpose of an audit is to provide verification of expenditure and assurance on the eligibility of the costs declared by a beneficiary under a grant agreement. Assurance is related to compliance with the terms and conditions of the grant agreement and its annexes, and should take into account sound financial management and the principles of economy, efficiency and effectiveness.

As specified in article I.4.1 of the Grant Agreement, a certificate on the financial statements and underlying accounts (hereinafter referred to as “**audit certificate**”) should be submitted in accordance with the present Annex for each beneficiary/co-beneficiary incurring eligible direct costs above **EUR 100.000** with each request for payment.

This audit certificate shall be produced by an external certified auditor. In case of national governmental organisations and authorities, local governments or other public bodies of the EU Member States the certificate can be produced by a competent and independent public officer or an audit authority approved in the process of verification of national management and control systems for the Solidarity Funds or for AMIF/ISF.

It shall certify that the costs declared in the interim or final financial statement by the beneficiary concerned for the categories of costs reimbursed in accordance with Article I.3(a)(i) are real, accurately recorded and eligible in accordance with the grant agreement. In addition, for the payment of the balance, it shall certify that all the receipts referred to in Article II.25.3.2 have been declared.

2. ESSENTIAL DOCUMENTS

In addition to the supporting documents needed to perform the audit, the following documents serve as a basis (the list is not exhaustive):

- grant agreement signed between the beneficiary and the Commission and its annexes;
- any amendments made to the grant agreement;
- the call for proposals under which the action was selected for funding (not applicable in case of grants awarded directly to an organisation without a call for proposals), including the guide for applicants;
- the present guidance note.

3. ELIGIBILITY OF EXPENDITURE

General

The auditor should perform financial checks to ensure that the costs claimed are in line with the terms and conditions of the grant agreement (and its amendments – if applicable) and assess whether:

- the financial contribution from the European Commission was used exclusively for the purposes described in the application for a grant;

- expenditure is acceptable and plausible taking into account the context and project activities (is expenditure included in the budget estimate of the project?);
- expenditure has been incurred by the beneficiary during the implementation period of the project as defined in the grant agreement (and its amendments – if applicable);
- expenditure is recorded in the accounts of the beneficiary and is identifiable, verifiable and substantiated by originals of supporting evidence;
- expenditure excludes non-eligible costs as defined in grant agreement (and its amendments – if applicable);
- adequate measures were taken to prevent multiple financing;
- the grant did not generate a profit for the beneficiary;
- the beneficiary's management of the grant complied with the principles of sound financial management, economy and efficiency.

Conformity of expenditure with the budget and analytical review

The auditor should carry out an analytical review of the expenditure and verify that:

- the list of expenditure presented in the financial statement corresponds to the budget estimate of the project (authenticity and authorisation of the initial budget) and that reported expenditure was foreseen in the budget;
- the total amount of expenditure does not exceed any maxima laid down in the grant agreement;
- any changes to the budget of the action comply with the terms and conditions for such amendments.

Accuracy, recording and classification

The auditor should verify that the expenditure for a transaction is properly classified under the headings of the financial statements, is accurately and properly recorded in the beneficiary's accounting system, is supported by appropriate evidence and documents and is properly valued (e.g. use of correct exchange rates).

Reality (occurrence / existence)

The auditor should:

- obtain sufficient appropriate audit evidence as to whether the expenditure has occurred (reality of the expenditure);
- verify the reality of the expenditure for a transaction or action by examining proof of work done, goods received or services rendered on a timely basis, at agreed quality and prices or costs.

4. TYPES OF EXPENDITURE AND INCOME

Staff

The auditor should review direct salary charges to determine whether salary rates are reasonable for the position concerned, are in accordance with relevant rules of the beneficiary's human resources policies (i.e. employment contracts and other conditions), are supported by appropriate payroll records/timesheets and in accordance with the terms and

conditions of the grant agreement. The review should also cover salary related components such as overtime, allowances and fringe benefits received by employees. Staff costs including the salary costs of personnel of national administrations are eligible to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the projects concerned were not undertaken.

Travel and subsistence

The auditor should review travel and subsistence costs to determine whether they are adequately supported and whether subsistence costs are in line with the beneficiary's usual practices (if they exist). The daily subsistence allowance cannot be higher than indicated in the "Applicable rates to the per diems in the framework of EC-funded external aid contracts - 18/03/2015" published on the following website: <https://ec.europa.eu/europeaid/node/96684>.

Equipment

The auditor should review purchase costs of equipment (new or second-hand) to determine whether they are written off in accordance with the tax and accounting rules applicable to the beneficiary and generally accepted for items of the same kind.

If applicable according to the rules of the guide for applicants or the call for proposals, such costs are eligible for co-financing on the basis of the full or partial cost of the purchase if the equipment will continue to be used for the same objectives pursued by the project, after the project has ended for the minimum duration of:

- three years or more for Information and Communication Technology (ICT) equipment;
- five years or more for other types of equipment such as operating equipment and means of transport.

The auditor should review whether costs for day-to-day administrative equipment (such as PC, printer, laptop, fax, copier, phone, cabling, etc.) are not included under the eligible direct costs, as they should be considered as indirect costs, if not duly justified.

Consumables

The auditor should review whether the costs of consumables and supplies are identifiable and exclusively used for the purpose of the action. They must be identifiable as such in the accounts of the beneficiary, unless included in the indirect costs.

Other direct costs

The auditor should review whether costs charged to this heading meet the general criteria for eligible costs. In case the costs relate to work subcontracted to another legal entity, they should comply with the rules concerning the award of contracts necessary for the implementation of the action, as specified in article II.9 of the grant agreement and the guide for applicants.

Indirect costs

The auditor should review allocation methods to determine that it complies with the terms and conditions of the grant agreement and that it does not exceed the maximum percentage of the total eligible direct costs, as specified in the grant agreement. Indirect costs, presented as a flat rate should not be subject to ex-post verification.

Income

The auditor should review whether income for the project (including grants and funding received from other donors, revenue generated by the beneficiary) has been added to the project funds in accordance with the terms and conditions of the grant agreement, criteria for accuracy, recording, completeness (including proper allocation of income attributable to various activities) and disclosure of income in the financial statements.

5. FINANCIAL FINDINGS

Findings relating to ineligible expenditure and to the non-reporting of income should be classified as financial findings as there is a direct financial impact resulting in a recovery or a potential recovery of funds by the Commission. The auditor should report all financial findings that have been identified during the audit no matter whether these findings have a material impact i.e. no matter whether the findings affect his/her opinion.

The following split enables a structured approach to potential recoveries and follow-up with the beneficiary:

- **Financial finding (clear-cut):** This refers to clear-cut financial findings. For example: the auditor has identified ineligible expenditure because this expenditure does not comply with the criteria of the terms and conditions of the grant agreement, is not project related or not properly documented.
- **Financial finding subject to the further consideration of the Commission:** This refers to financial findings concerning questioned expenditure (or income) where the auditor is not entirely sure that the financial item concerned involves an ineligible expenditure and further consideration by the Commission is required to determine whether recovery is appropriate.

Compliance with the terms and conditions of the grant agreement is a fundamental aspect of funded projects. It is important for the Commission services to know and understand the causes of the financial findings in order to be able to take appropriate measures where necessary and possible. Such measures may for example involve clarifications or changes in the terms and conditions of the grant agreement. Thus, the auditor should indicate for each financial finding whether it is related to one of the following compliance issues:

Budget lines	Reasons for ineligibility	Amounts (EUR)
[can be relevant for all or most budget headings – include within relevant budget]	Costs without supporting documents	
	Insufficient or inadequate supporting documentation	
	No evidence or insufficient evidence of payment	

line as applicable]	Not identifiable and verifiable in the beneficiary's accounting records	
	Incorrect amount included in financial report	
	Incurred outside agreed project implementation period	
	Not project related (i.e. staff not involved in project or not related to a project activity)	
	Not project specific cost (i.e. cost is real, paid but not reasonably identifiable as specific to the project)	
	Cost not envisaged in the grant agreement (i.e. activity, cost or staff member/role is directly related to project objectives but not specifically approved in the agreement or amendments/ side letters)	
	Value added tax which can be reclaimed	
	Incorrect exchange rate when translating into Euro for reporting purposes	
	Cost not value for money (i.e. cost is substantially in excess of budget or market rate with no reasonable explanation)	
	Other – [set out finding]	
Staff costs	Not actual salary and statutory employment costs	
	Cost of public servants not eligible per programme guidelines	
Travel and subsistence	No evidence that travel occurred (i.e. no copy of flight or rail tickets / boarding passes, signed attendance list, or hotel and local travel costs)	
	Accommodation and subsistence costs in excess of agreed maximums	
	Travel cost in excess of programme guidelines	
Equipment	Procurement procedure not followed	
	Depreciation charge not in accordance with guidelines	
Consumables and supplies	Procurement procedure not followed	
Other direct costs	Community funding not publicised	
	Procurement procedure not followed	
Indirect costs	Adjustment to overhead cost claim due to above findings	
Total		

Note 1: Financial findings related to ineligible expenditure mostly concern one-off errors (i.e. the error is clearly incidental) of non-compliance with the terms and conditions of the grant agreement. As regards income not declared / not reported this concerns one-off errors where the beneficiary has not declared project related income that should have been reported in accordance with the terms and conditions of the grant agreement.

Note 2: if a financial finding is caused by an intentional irregularity the finding should be categorised as 'ineligible expenditure – irregularities and/or suspected fraud'.

6. FORM AND LANGUAGE OF THE REPORT

The audit report should be prepared in English and follow the structure provided in the template forming an inherent part of Annex VI.

MODEL FOR A CERTIFICATE ON THE FINANCIAL STATEMENTS AND UNDERLYING ACCOUNTS ("AUDIT CERTIFICATE")

Year/Grant agreement No.	
Full name of the grant beneficiary concerned	

[legal name of the audit company], established in *[full address/city/country]* represented for signature of this audit certificate by *[name and function of an authorised representative]*, hereby certify that:

- We have conducted an audit relating to the costs declared in the Financial Statements of the Final Report of *[name of beneficiary]*, hereinafter referred to as beneficiary, to which this audit certificate is attached;
- We have undertaken this audit in accordance with the following International Standards / Codes of Ethics:
.....
.....
- This audit was performed following the below-mentioned procedure (e.g. date, number of days, persons involved, number of documents sampled, etc.):
.....
.....
- This audit took into account the following sources of information:
.....
.....
- The total expenditure which is the subject of this expenditure verification amounts to €<xxxxxx>. The Expenditure Coverage Ratio is <xx%>. This ratio represents the total amount of expenditure verified by us, expressed as a percentage of the total expenditure which is the subject of this expenditure verification. The latter amount is equal to the total amount of expenditure reported in the financial statements.
- In the course of our audit, we have made the following financial findings *[Describe factual findings and specify errors and exceptions. If there are no factual findings, this should be explicitly stated.]*:
.....
.....
- We confirm that our audit was carried out in accordance with the above-mentioned auditing standards respecting ethical rules and on the basis of the relevant provisions of the above referred grant agreement and its annexes. The above mentioned financial statements were examined and all tests of the supporting documentation and accounting records deemed necessary were carried out in order to obtain reasonable assurance that, in our opinion, based on our audit:



<input type="checkbox"/>	All the costs are eligible and directly connected with the subject of the agreement as provided for in the estimated budget annexed to it; <i>Observations:</i>
<input type="checkbox"/>	They are generated during the period of eligibility for European Union funding, specified in the grant agreement; <i>Observations:</i>
<input type="checkbox"/>	They are reasonable, justified and comply with the principles of sound financial management, in particular, in terms of value for money and cost-effectiveness; <i>Observations:</i>
<input type="checkbox"/>	They are actually incurred by the beneficiary (and project partners in case of multi-beneficiary agreement) and recorded in its accounts in accordance with generally accepted accounting principles; <i>Observations:</i>
<input type="checkbox"/>	They are declared in accordance with the requirements of the applicable tax and social legislation; <i>Observations:</i>
<input type="checkbox"/>	They are identifiable and verifiable and are backed up by original supporting documents; <i>Observations:</i>
<input type="checkbox"/>	They are declared in accordance with the rules governing the eligibility of VAT; <i>Observations:</i>
<input type="checkbox"/>	Travel and subsistence costs are in line with the beneficiary's usual practices on travel costs or are based on actual costs incurred; in either case subsistence costs do not exceed the scales approved annually by the European Union; <i>Observations:</i>
<input type="checkbox"/>	The purchase of equipment and/or services is performed in accordance with the tendering, tax and accounting rules applicable to the beneficiary. The rules related to depreciation, applicable for equipment purchased using the European Union funding, are observed; <i>Observations:</i>
<input type="checkbox"/>	Euro exchange rates, as specified in the grant agreement, were applied; <i>Observations:</i>
<input type="checkbox"/>	The grant provided to the beneficiary did not generate profit; <i>Observations:</i>
	Any other observations/comments:.....

Signature of the auditor



ANNEX IV

FINAL REPORTING

The **final reporting package** referred to in Article I.4.1 of this Grant Agreement must be submitted both in paper and electronic versions to the address indicated in Art. I.6.2 of the Grant Agreement. Please be reminded that the paper version shall contain a dated and duly signed cost claim.

The reporting period for the final report runs from the starting date of the project until the end date of the project as indicated in Article I.2.2 of the Grant Agreement.

The **electronic version** shall contain as a minimum:

- 1) Final technical implementation report (Word document),
- 2) Budget Form (Excel document),
- 3) Deliverables.

Please note that according to the Grant Agreement (notably Art. 20, 23 and 27) and the Guide for Applicants, the Commission may request supporting documents for project related incurred costs.

Instructions for the final reporting package:

1. The **Final technical implementation report**

It must be precise, correctly completed using the existing template; all questions must be answered; it must be duly signed and dated by the Authorised Signatory.

2. The **Detailed Budget Execution Sheet (Sheet 5 of the Budget Form).**

It must contain data on the actual implementation of the project both in terms of expenditure and income. The encoding has to follow the same logic and order as in the Forecast Budget Calculation (Sheet 3 of the Budget Form). Please use the same budget headings, objectives, actions and descriptions. At this stage, it is important to insert the **real incurred costs and the real income**, no estimates, no lump sums, no flat rates (except for the indirect costs)! Pay attention to the rules governing VAT eligibility.

The sheet has also a column for inserting the beneficiary's accounting reference, that can be an exact entry in the accountancy or an analytical reference making it possible to consolidate information, in order to facilitate its analysis. In case of an audit, this reference is part of the audit trail.

Under budget heading I should be included the financial contribution specifically assigned by donors to the financing of the action eligible costs and any income generated by the financed activities. Any other income, including the own contribution from the beneficiaries, should be included under the budget heading K. The pre-financing payments received from the Commission should be included under the budget heading J.

The columns L, M, N, O and P are reserved for the Commission to analyse the beneficiary's statement and to indicate the rejected amounts which are not considered eligible. If relevant, the Commission inserts an explanation on specific lines, in order to facilitate the

beneficiary's understanding of the Commission's position and identifying the amounts retained as ineligible ***please do not write or change anything in these columns.***

3. The **Budget and Execution Summary Sheet (Sheet 4 of the Budget Form)**

The amounts are automatically inserted and consolidated by budget heading/item. It shows the final calculation of the amount of the grant and of the final payment or reimbursement. This sheet is write-protected.

4. The **Cost Claim Sheet (Sheet 6 of the Budget Form)**

This sheet is the final payment request to be completed by the co-ordinator. By default, the information introduced in Sheet 1 'ID Form' is copied to this sheet. Similarly, the amount of the final payment (cell I19) is copied from **Sheet 4 Budget & Execution Summary**. Finally, the legal representative of the co-ordinator has to date and sign this **Cost Claim Sheet** and send the original paper copy to the Commission.

5. The **deliverables**

Provide all deliverables produced within the framework of the project, **such as reports, surveys, meeting documents, CD-ROMs/memory sticks, DVDs**, and other deliverables.

6. The **certificate on the action's financial statements and underlying accounts (audit certificate)** – Annex VI of the Grant Agreement

For each beneficiary with eligible direct costs exceeding 100.000 EUR, an audit certificate produced by an approved auditor or (in the case of public bodies) a competent and independent public officer, must be provided.

Below is the final technical implementation report template.



ANNEX IX

SPECIFIC CONDITIONS RELATED TO VISIBILITY

1. Information requirements for any communication or publication

Where the beneficiary is involved in visibility activities, he shall inform the public, press and media of the action (internet included), which must, in conformity with Article II.7.1 of the Grant Agreement, visibly indicate the mention:

"Co-funded by the Internal Security Fund of the European Union"

The following graphic logos shall be used:

In colour:



"Co-funded by the Internal Security Fund of the European Union"

Monochrome:



"Co-funded by the Internal Security Fund of the European Union"

The logo must always be followed by the text indicated above. Logos without the wording mentioned above are strictly forbidden.

2. Publications

Where the action or part of the action is a publication, the following mention must also be indicated:

"This project has been funded with support from the European Commission. This publication [communication] reflects the views only of the author, and the European Commission cannot be held responsible for any use which may be made of the information contained therein"

which together with the graphic logos shall appear on the cover or the first pages following the editor's mention.

3. Use of signs and posters

If the action includes events for the public, signs and posters related to this action shall be displayed. This shall include the logos and texts mentioned under paragraph 1. Authorisation to use the logos implies no right of exclusive use and is limited to this agreement. As the action is co-financed, the importance given to the above-mentioned publicity must be in proportion with the level of Union financing.

For more details please refer to the guidelines to the use of the EU emblem in the context of EU programmes published on DG HOME website:

(http://ec.europa.eu/dgs/communication/services/visual_identity/pdf/use-emblem_en.pdf).

BENEFICIARIES

		Country
Legal name of beneficiary/co-ordinator	Comando generale del Corpo delle Capitanerie di Porto	

Co-beneficiary Code	Legal name of Co-beneficiary	Country
Co-beneficiary 1		
Co-beneficiary 2		
Co-beneficiary 3		
Co-beneficiary 4		
Co-beneficiary 5		
Co-beneficiary 6		
Co-beneficiary 7		
Co-beneficiary 8		
Co-beneficiary 9		
Co-beneficiary 10		
Co-beneficiary 11		
Co-beneficiary 12		
Co-beneficiary 13		
Co-beneficiary 14		
Co-beneficiary 15		
Co-beneficiary 16		
Co-beneficiary 17		
Co-beneficiary 18		
Co-beneficiary 19		
Co-beneficiary 20		

DETAILED BUDGET EXECUTION

Index		
A	Staff	
B	Travel	
C	Equipment	
D	Consumables	
E	Other direct costs	
F	Indirect costs (max 7%)	
I	assigned by donors to the financing of the eligible costs & income generated by the financed activities	
K	Other income, including own contribution from the beneficiary/ies	
J	Pre-financing paid	

A
B
C
D
E
F
G
H
I
J
K

[illegible]



EUROPEAN COMMISSION
DIRECTORATE-GENERAL MIGRATION AND HOME AFFAIRS

Directorate E : Migration and Security Funds; Financial Resources and Monitoring
The Director

Brussels, **20 AVR. 2018**
HOME/EL/ /ARES(2018)

[REDACTED]
Comando Generale del Corpo delle
Capitanerie di Porto
Viale dell'Arte 16
00144 - Roma
Italia

BY REGISTERED LETTER

Subject: Amendment No. 1
Grant Agreement No. HOME/2017/ISFB/AG/EMAS/0051
ABAC Number:

Project title: "Assessment of the Libyan Coast Guard legal framework and capability in terms of SAR Services"

Dear [REDACTED]

We take note of your request to change the legal representative of the co-ordinator, project duration, budget and description of the action.

With reference to Grant Agreement referenced **HOME/2017/ISFB/AG/EMAS/0051**, signed on 22/06/2017 between the Italian Coast Guard ("the Beneficiary") and the European Union ("the Union"), represented by the European Commission (hereinafter referred to as "the Commission") the Commission hereby agrees on the following amendment:

Article 1

The legal representative for the co-ordinator, for the purposes of signature of the Agreement, has changed to [REDACTED].

Article 2

Article I.2.2 "Entry into force of the Agreement and duration of the action" is replaced by:

"The action shall run for 18 months as of 1 May 2017 ("the starting date") until 30 October 2018".

Article 3

Article I.13 "Subsistence allowances" is deleted.

Article 4

Annex I *Description of the action* is replaced by the version annexed to this letter.

Article 5

Annex III *Estimated budget* is replaced by the version annexed to this letter.

Article 6

All the other provisions of the Grant Agreement shall remain unchanged.

Article 7

The present amendment shall form an integral part of the Grant Agreement.

Yours sincerely,

A large black rectangular box redacting the signature of Beate Gminder.

Beate GMINDER

Enclosure: Annex I, III



EUROPEAN COMMISSION
DIRECTORATE-GENERAL MIGRATION AND HOME AFFAIRS

Directorate E : Migration and Security Funds; Financial Resources and Monitoring
The Director

Brussels, **29 OCT. 2018**
HOME/EI/ [REDACTED] ARES(2018) 5535404

[REDACTED]
Comando Generale del Corpo delle
Capitanerie di Porto
Viale dell'Arte 16
00144 - Roma
Italia

BY REGISTERED LETTER

Subject: **Amendment No. 2**
Grant Agreement No. HOME/2017/ISFB/AG/EMAS/0051
ABAC Number:

Project title: *"Assessment of the Libyan Coast Guard legal framework and capability in terms of SAR Services"*

Dear [REDACTED]

We take note of your request for change of the estimated budget.

With reference to Grant Agreement No **HOME/2017/ISFB/AG/EMAS/0051**, signed on 22 June 2017 and amended on 20 April 2018, between the Italian Coast Guard ("the Beneficiary") and the European Union ("the Union") represented by the European Commission (hereinafter referred to as "the Commission") the Commission hereby agrees on the following amendment:

Article 1

Annex III *Estimated budget* is replaced by the version annexed to this letter.

Article 2

All the other provisions of the Grant Agreement shall remain unchanged.

Article 3

The present amendment shall form an integral part of the Grant Agreement.

Yours sincerely,

A large black rectangular redaction box covering the signature and any handwritten notes.

Beate GMINDER

A small black rectangular redaction box covering the first part of the name.

Enclosure: Annex III

FINAL TECHNICAL IMPLEMENTATION REPORT

Project Number: HOME/2017/ISFB/AG/EMAS/0051

Title: Assessment of the Libyan Coast Guard legal framework and capability in terms of SAR Services

Implemented by (coordinator and co-beneficiaries): Italian Coast Guard

Starting date: 01/05/2017

End date: 30/10/2018

Project website(s) (if applicable)	Information regarding the implementation of the project can be found at the website " http://www.guardiacostiera.gov.it/ "
--	---

Estimated expenditure (Article I.3 of the Grant Agreement)	Total Eligible Costs: € 1.844.816,04 EU Grant: € 1.844.816,04
Expenditure incurred	Total Eligible Costs € 1.546.204,02 EU Grant: € 1.546.204,02

Executive Summary of the project (max. 4000 characters)

Summary presenting:

- *main objectives of the project;*
- *short description of the project implemented activities;*
- *key results of the project;*
- *impact on the target groups or other groups affected by the project.*

This text may be published on the website of the Commission or used for other information and dissemination purposes.

The project has the main objective to conduct a feasibility study to establish a Libyan MRCC (Maritime Rescue Coordination Centre) in order to operate autonomously or in coordination with those of neighbouring countries in line with the standards provided by International Law.

The aims of the project proposed are:

- 1) to make an assessment on the current Libyan maritime legal framework with particular reference to the SAR services;
- 2) to make an assessment on the current needs of the Libyan Coast Guard in terms of facilities, equipment and training in order to establish a Libyan MRCC, to perform SAR

services autonomously or in cooperation with other EU and/or non EU MRCCs;

3) taking into account of the assessments cited in the previous points 1) and 2), to submit a Project aimed at:

- assisting the concerned Libyan Authorities in declaring the Libyan SAR Region according to the international Laws;
- procuring the equipment and delivering specialized training, needed to establish a LM RCC and make it operational.

Referring to point 1), the implemented activities are:

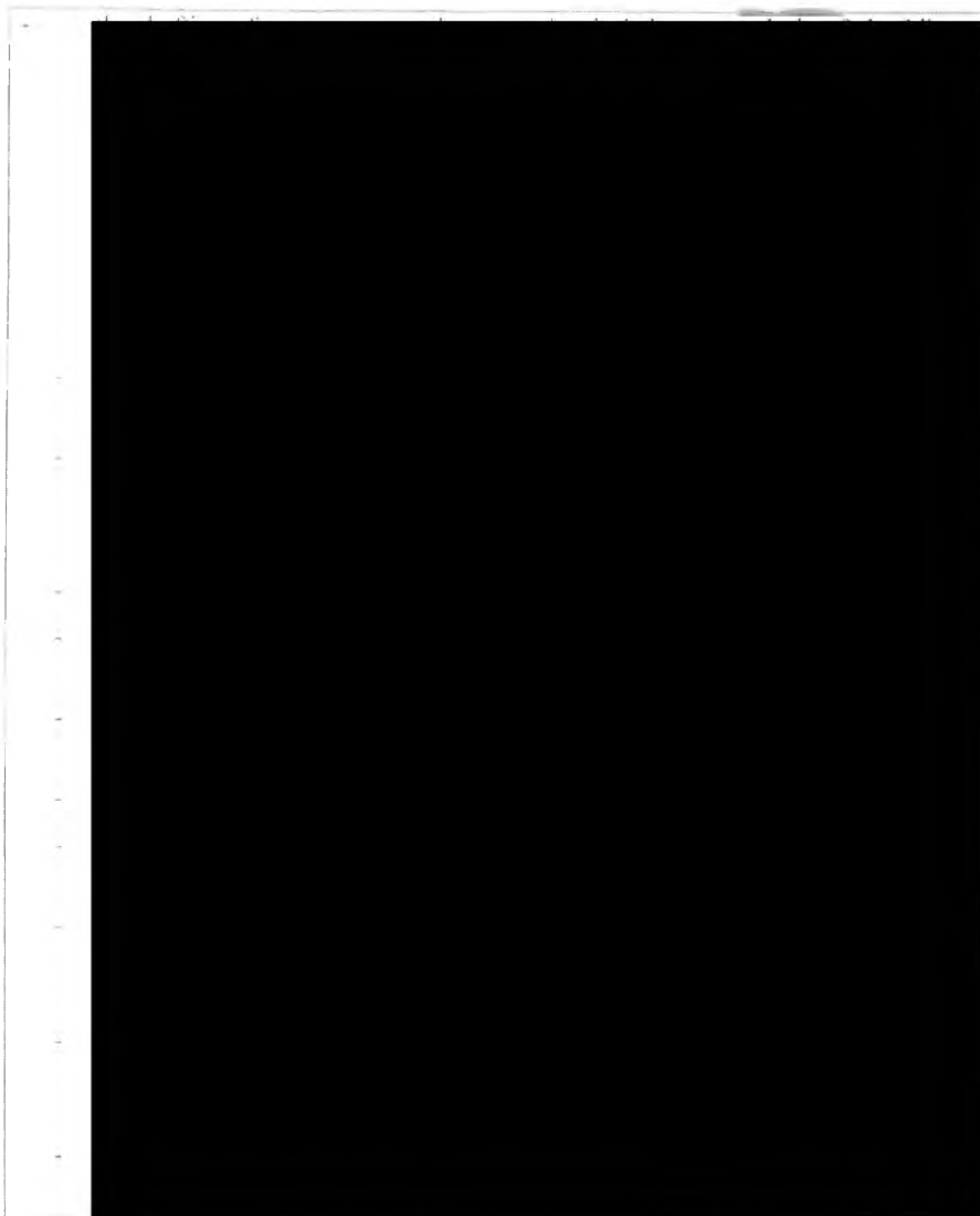
- analysis of the Libyan political scenario;
- analysis of the general security conditions of the country and of the "sites of interest" for the LM RCC Project;
- study of Libyan internal search and rescue legislation.

Referring to point 2), the implemented activities are:

- organizational analysis of the Libyan structure that has responsibility for search and rescue at sea (CAA, "Civil Aviation Authority"; LCGPS, "Libyan Coast Guard and Port Security");
- study on the resources available to the LCGPS to conduct search and rescue operations at sea;
- analysis of LCGPS personnel dedicated to search and rescue services at sea, defining their training and education needs;
- study of the S.A.R. standard operating procedures (SOPs) that could be adopted by the LCGPS;
- analysis of the documentation provided by the Libyan committee and on-site surveys with the aim of identifying a maritime rescue centre suitable to host an Operational Centre;
- analysis of the operations recently coordinated by the LCGPS.

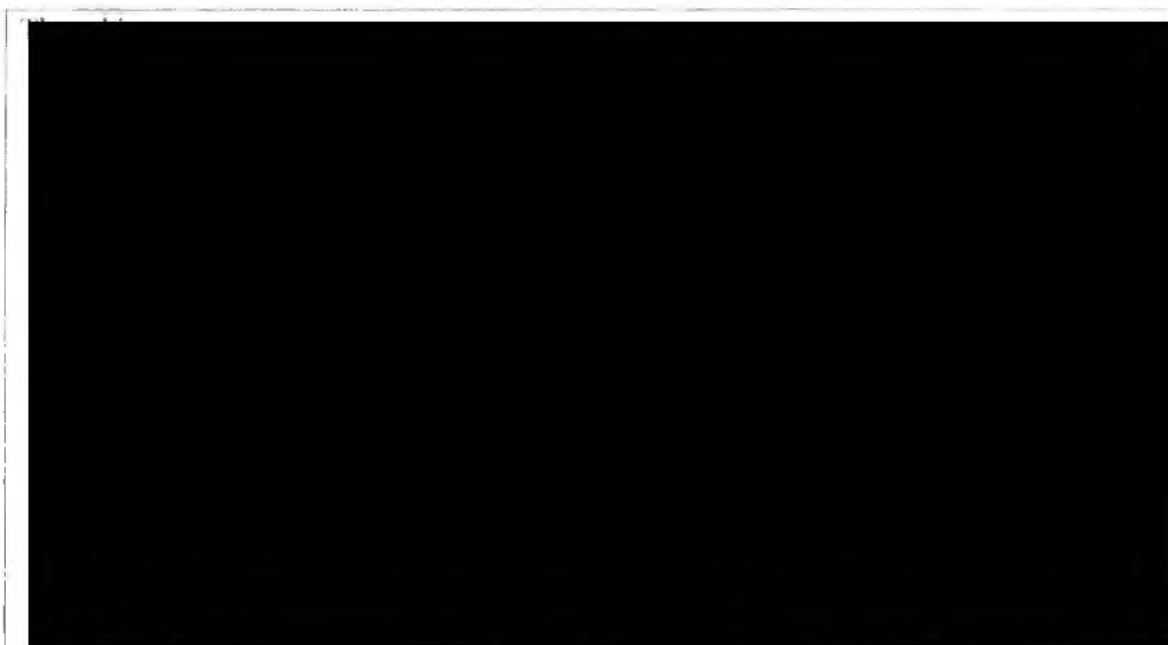
Referring to point 3) the implemented activities are:

- description of the Libyan and the EU and international stakeholders, interlocutors of the LM RCC Project Team;
- organization of various Technical meetings that allowed the Libyan commission to receive appropriate input from the LM RCC Project Team;
- the realization of a technical assessment related to technical characteristics and operating status of the Libyan radio equipment belonging to the communication and IT systems;



PART 1 – RESULTS AND IMPACT OF THE PROJECT

1.1. Present in short the main achievements of your project (*min. 200, max. 500 characters*)

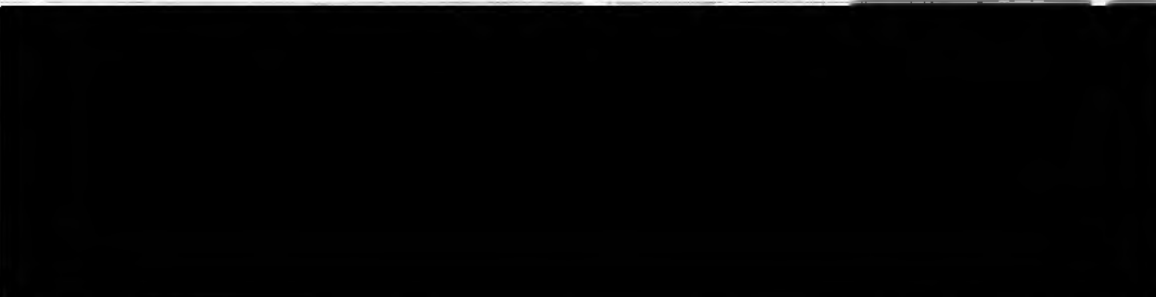


1.2. Present the main outcomes of the project





1.3. How would you assess the project overall (implementation, achievements, problems encountered/solutions implemented, etc.)?



1.4. Describe the European dimension and added value of the project

The added value of the project is to create an up and running LMRCC, that acts within its own declared SAR Region, that could have a strong impact on the current situation in the Mediterranean Sea and in particular on the following aspects:

- improvement of the Maritime Border Control Management;
- information sharing among the LCG and other EU and Libyan law enforcement authorities, e.g. Frontex, EUNAFOR MED, Libyan Police and Customs; neighbouring

EU Member States' and third countries' MRCCs; neighbouring Member States' and third countries' border and coast guards;

- improvement and Cooperation in SAR services amongst the LMRCC and neighbouring EU Member States' and third countries' MRCCs, EU Operations (such as EUNAVFOR MED Operation Sophia and the Frontex J.O. Triton) as well as NGOs currently present in the area of interest (AoI);
- strengthen of the role of law establishing a recognised legal framework within which the Libyan Authorities can exercise their duties and tasks, taking advantage from the cooperation of the other mentioned Actors present in the AoI.



1.5. Describe how you implemented your dissemination strategy

The dissemination strategy implemented by Italian Coast Guard consists of the following activities:

- Publication on the Italian Coast Guard website "<http://www.guardiacostiera.gov.it/>" of a "news" containing the main information related to the project (activities carried out, main results achieved, resources made available by European Commission);
- Realization of visibility items regarding the project financed by European Commission.

1.6. Describe how the visibility of EU funding was ensured

In order to guarantee transparency and publicity of EU funding, it is possible to find the following information upon any communication and publication related to the project, made by the Italian Coast Guard, including conferences, and in any information and promotional materials such as brochures, leaflets, posters, presentations:

- emblem of the European Union, in accordance with the graphic standards;
- emblem of Italian Coast Guard;

Home Affairs:

- financial value of the contribution from European Union.

1.7. Describe the follow up of the project, how the results will be used or further developed

The construction of the Libyan capacity to provide maritime rescue services (appropriate to the extension of its SAR area and in line with the standards set by the international conventions), passes through the realization of the following objectives:

- adaptation of national legislation in order to: transpose and implement all conventions on the safety of life at sea, identify the competent authorities for the performance of SAR activities as well as the relevant agencies for the implementation of rescue operations at sea along with those operating in the same field;
- establishment of a MRCC and MRSCs, if needed, adequately covered by an efficient coastal communication network as well as installation of all the equipment required by the relevant sector regulations;
- adoption of an appropriate national rescue plan and standard operating procedures for the coordination of rescue operations at sea;
- streamlining of the organisation of the LCGPS and, in particular, of the SAR department and adequate allocation of resources in terms of staff and means;
- providing adequate training to the staff managing the Libyan MRCC and rescue operations at sea with specific professional training courses;
- improvement of staff's English communication skills through the attendance of special courses in English-speaking countries.



1.8. Comment on possible synergies/complementarities with other EU funded activities, in particular with regard to activities funded under the ISF national programme

The activities carried out in the project present complementarities with other project financed by DG Migration and Home Affairs.

In particular:

- projects [REDACTED] approved by European Commission in the framework of Emergency Assistance – Internal Security Fund:

[REDACTED]

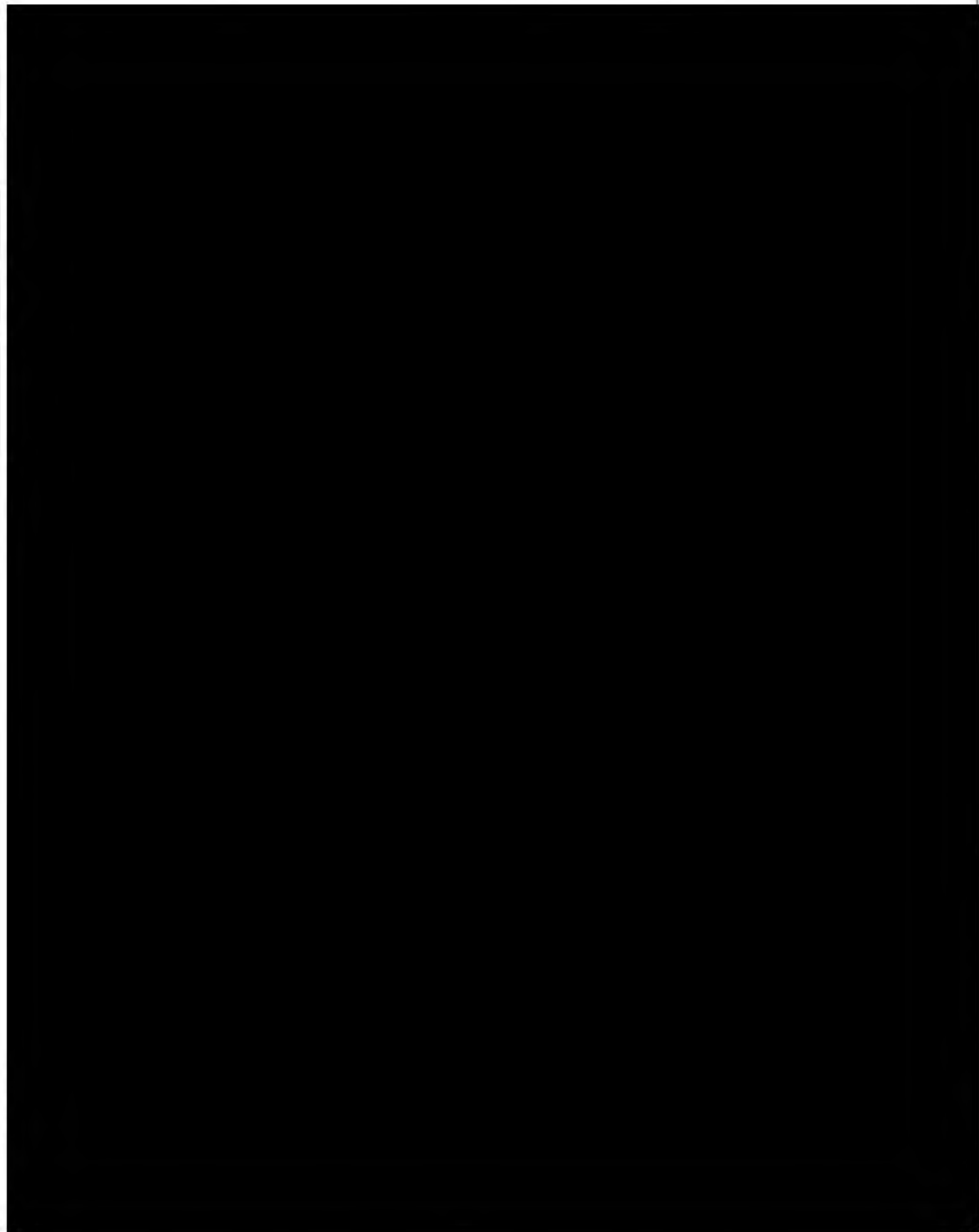
2. HOME/2016/ISFB/AG/EMAS/0042 - *Implementation of a specific operational framework for border surveillance and to safeguard human life at sea;*
3. HOME/2016/ISFB/AG/EMAS/0043 - *Implementation of a refitting activity on OPI;*
4. HOME/2016/ISFB/AG/EMAS/0044 - *Acquisition of equipment, devices and services for surveillance and SAR;*
5. HOME/2016/ISFB/AG/EMAS/0062 - *Implementation of a specific operational framework for border Surveillance and to safeguard human life at sea - S.A.S;*

[REDACTED]

1.9. Explain the procurement procedures used (if applicable)

[REDACTED]

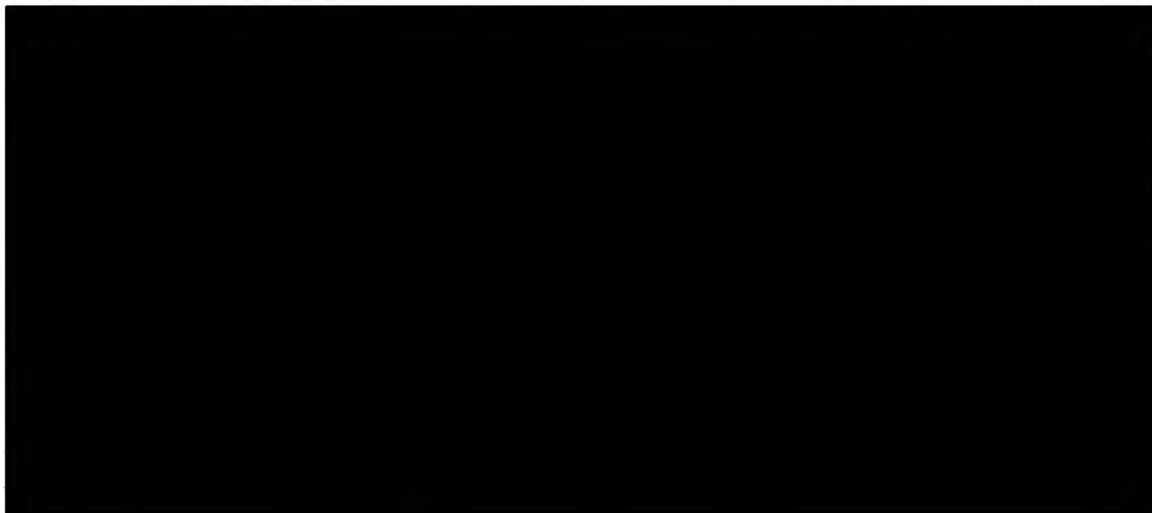
1.10. Describe and explain any substantial deviations from the planned budget



PART 2 – SUB-ACTIONS

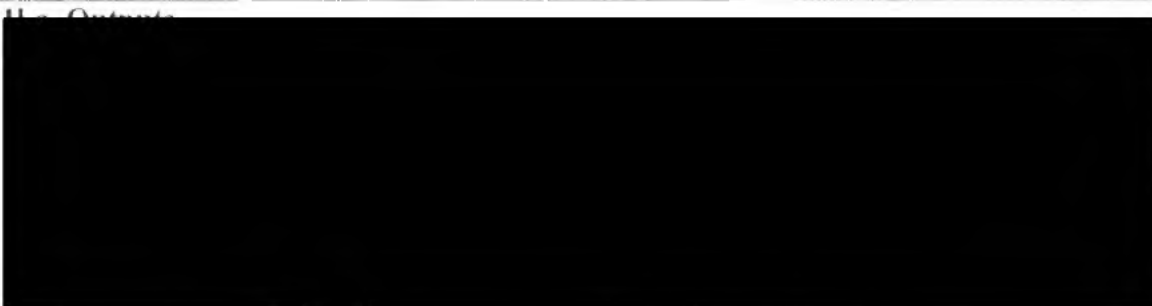
➤ Sub-action 1

I. Description of the work (activities)

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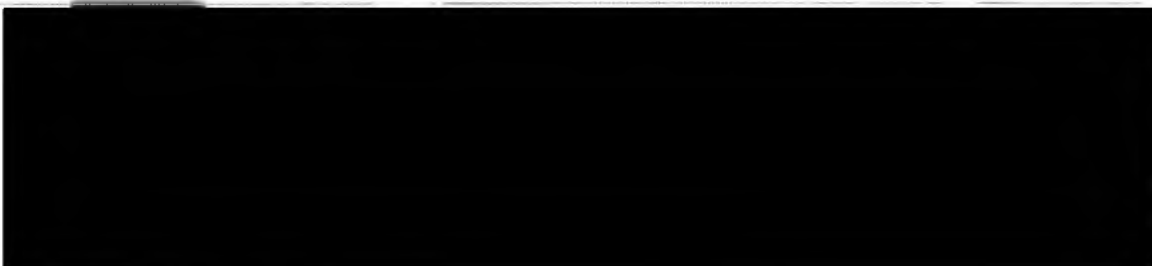
II. Results (output and deliverables)

II. Outputs

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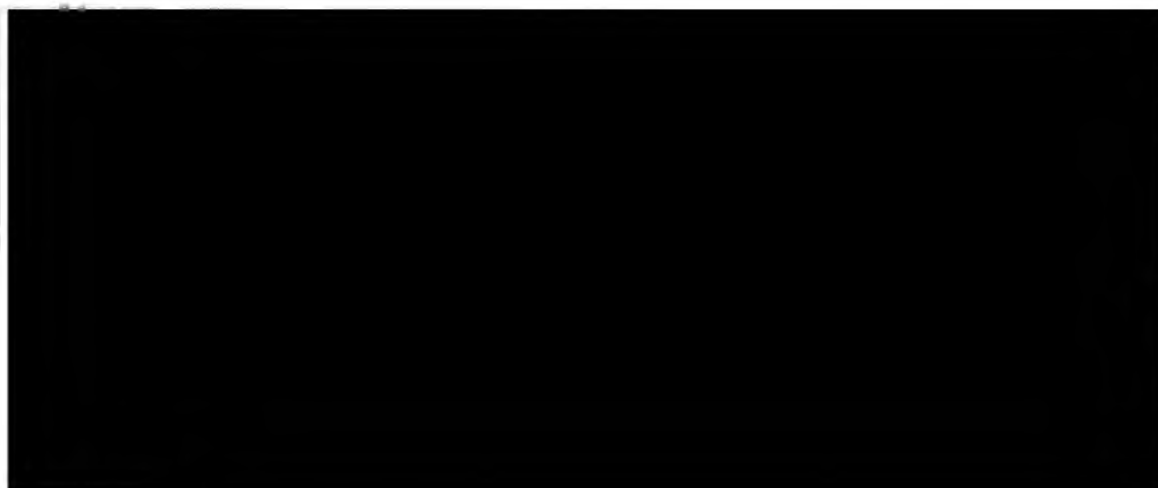
➤ Sub-action 2

I. Description of the work (activities)

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II. Results (output and deliverables)

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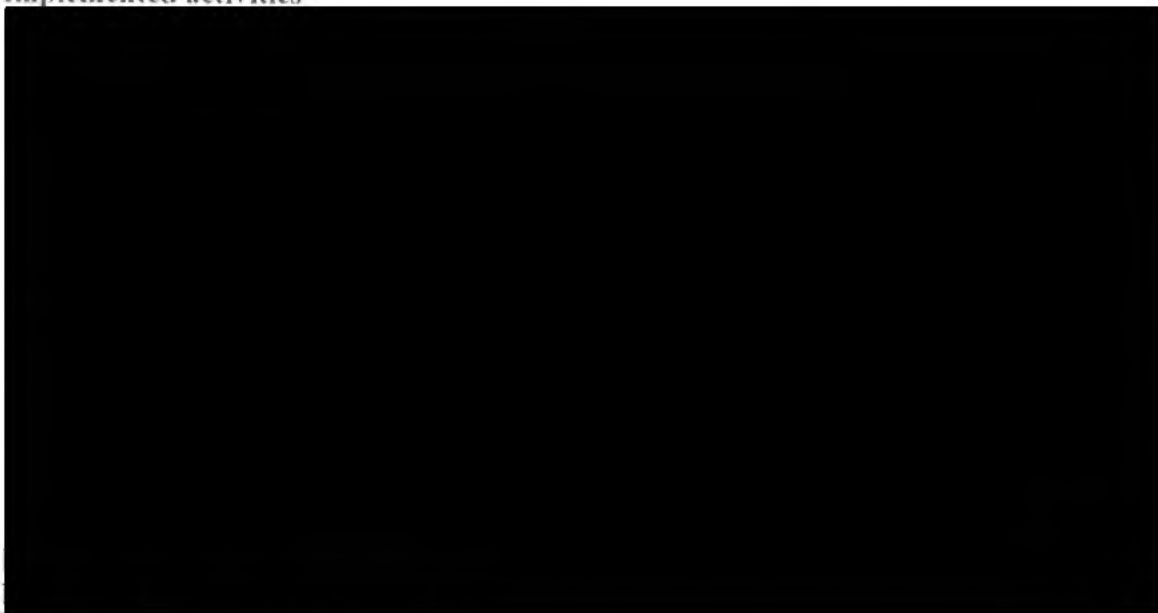
II.b. Deliverables



> Sub-action A

I. Description of the work (activities)

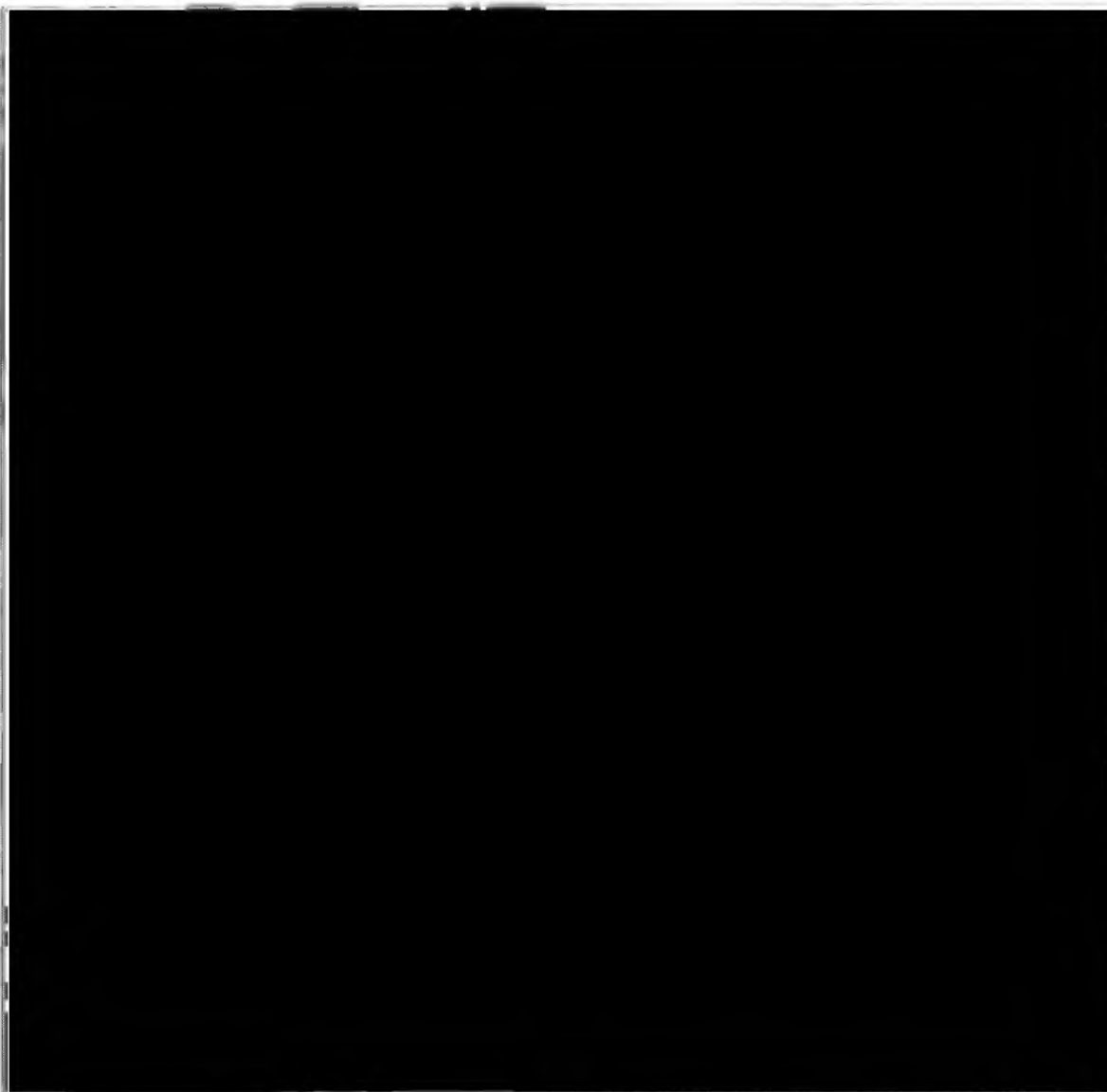
Implemented activities




II. Results (output and deliverables)

II.a. Outputs





Date:	Home, 29/01/2019
Name and signature of the Authorised Signatory of the Coordinator:	



EUROPEAN COMMISSION
DIRECTORATE-GENERAL MIGRATION and HOME AFFAIRS

Directorate F – Migration and Security Funds, Financial Resources and Monitoring
Unit F.1 : Union actions

Brussels, **16 AVR. 2019**
HOME/F.1/ [redacted] Ares(2019)

By registered mail

Subject: Grant Agreement No. HOME/2017/ISFB/AG/EMAS/0051
Project title: "Assessment of the Libyan Coast Guard legal framework and capability in terms of SAR Services"
Final report and payment of the balance

Dear [redacted]

Further to the submission of the final report on the implementation of the above-mentioned action, the corresponding request for the payment of the balance and the final financial statement of the eligible costs actually incurred, I am pleased to inform you that the Commission services have completed the analysis of these documents.

Based on the information provided in the final report, it can be concluded that the project has achieved particularly positive results of high technical value as well as acknowledgment at international level, involving the review of its capacities, a needs assessment in view of the future establishment of a Libyan Maritime Rescue Coordination Centre and support to the Libyan authorities with the notification of the Libyan SAR Area to the International Maritime Organisation (IMO).


The final report on the implementation of the action is hereby approved.

In the light of the information provided in the final financial statement and in the supporting documents, the final amount of the grant is established at **EUR 1.546.059,51** (please see the Annex for the calculation).

The Commission has now launched the final payment in your favour of **EUR 70.206,13**, taking into account the pre-financing of EUR 1.475.853,38 already paid to you.


This payment will be made to the account [redacted] with [redacted] as provided for in the grant agreement.


[redacted]
Comando Generale del Corpo delle Capitanerie di Porto
Viale dell'Arte 16
00144 - Roma
Italia



You may formally notify the Commission of your disagreement with the determination of the final grant amount and the reasons for the disagreement **within 30 days from the receipt of this letter.**

Please note that in accordance with Article II.27.2 of the grant agreement you are required to keep at the Commission's disposal all original documents, especially accounting and tax records, relating to the agreement for a period of five years from the date of payment of the balance.

Should you need further information concerning this payment, please contact 



Yours sincerely,



Enclosure: Final calculation sheet and detailed budget execution overview

